[Mr Philip Hammond]

that we want to ensure that those gains are consolidated. However, it is not for us to dictate to the Afghan people their agenda for the future. It is for us to ensure that there is a climate of security and stability in which they can exercise their constitutional right to determine the future of their country in a way that does not threaten the security of ours.

Mark Lancaster (Milton Keynes North) (Con): With all due respect to the right hon. Member for Rotherham (Mr MacShane), may I urge my right hon. Friend to stick to the strategy, and leave the tactics to the soldiers on the ground? Much work has been done in increasing the capacity of the Afghan national Government, but given the need for economic development, which has been highlighted, much more work needs to be done in provincial government, where capacity remains poor, if we are to leave Afghanistan in a stable state in the long term. Will the Secretary of State say a few words on how we will address that problem?

Mr Hammond: I am sure that the soldiers would thank my hon. Friend for his intervention, and I will consider it carefully. The Government are very much aware of the need to reinforce governance at local and provincial level. My right hon. Friend the Secretary of State for International Development is focused on ensuring that the UK and the broader international package deals at all levels. I would say to my hon. Friend that the initiative to recruit Afghan local police, which is already bearing fruit in a number of provinces, will continue to help to stabilise the situation at local level.

Jim Shannon (Strangford) (DUP): I thank the Secretary of State for his statement, and wish him well in his new post. A large percentage of the soldiers who have been killed or injured in Afghanistan have been killed or injured as a result of improvised explosive devices. Some progress has been made on the equipment that the soldiers are issued with, but the US army, along with private companies, has developed modern technology to combat the threat of IEDs. Will the Secretary of State confirm that that technology advancement in the US will be exchanged with, and made known to, the UK and allied armies, so that the horror of IEDs can be reduced?

Mr Hammond: We have made considerable progress in providing better equipment to reduce the risk of IEDs to the forces. However, developments are ongoing, particularly in relation to vehicles, and we will keep on top of them.

Dr Andrew Murrison (South West Wiltshire) (Con): The last quarterly statement discussed the challenging supply route from Karachi. Can my right hon. Friend update the House on that route, and on measures to improve the supply of Helmand province from the north?

Mr Hammond: My understanding is that the US is exploring other possible routes of supply into Regional Command South West. However, for the moment the UK remains dependent on the supply route through Pakistan. As my hon. Friend says, that is a difficult, vulnerable and expensive route. The route is fragile, but it remains a vital lifeline to our operation in Helmand.

Margot James (Stourbridge) (Con): I welcome my right hon. Friend's observations on the importance to nation building of the progress of women and girls. Two weeks ago I met Fawzia Koofi, an MP and presidential candidate in Afghanistan, who expressed great concern about the role of women in the upcoming Bonn conference. What can his Department do to ensure, or at least to encourage, the participation of women in that conference?

Mr Hammond: I am not aware of the exact composition of the Afghan delegation to that conference, but I shall certainly take up the issue and discuss it with my right hon. Friend the Secretary of State for International Development to see whether he needs to intervene to ensure that the interests of women are effectively represented.

Kris Hopkins (Keighley) (Con): May I welcome the Secretary of State to his extremely important position and wish him well? May I also welcome his reassurance in response to the Opposition spokesman's question on equipment? Will he reassure the House that, unlike the previous Government, this Government will never deploy troops with inadequate equipment?

Mr Hammond: I have been saying for many years, long before I came anywhere near having a responsibility at the Dispatch Box for this issue, that it is not moral to ask troops to go into mortal danger without the best equipment that we can provide them for personal protection, and that remains my view.

Mr Julian Brazier (Canterbury) (Con): May I congratulate my right hon. Friend both on his appointment and on the remarkable speed with which he is mastering the brief? He mentioned the importance of developing the local police force. One of the key factors for success in Helmand province and elsewhere in southern Afghanistan will be recruiting southern Pashtuns into the Afghan national army, so that it is no longer seen as an army of northern foreigners.

Mr Hammond: My hon. Friend is absolutely right. At the moment the ethnic balance in the ANA does not reflect the ethnic mix of the population, as it is heavily Tajik dominated. In the longer run, it will be necessary to achieve a better representation of the ethnic mix of Afghanistan in the forces, but that process will take time and inevitably will be a consequence of the reconciliation and reintegration process that will take place over the coming years.

Caroline Dinenage (Gosport) (Con): I have spoken in the Chamber before about gaps in the air bridge that can mean that up to three days can be taken off the two-week rest and relaxation period that is obviously incredibly valuable to our personnel. Will my right hon. Friend look at this issue again as we approach transition, and see whether the period can start from when troops arrive back in the UK, rather than when they leave their front-line bases?

Mr Hammond: I am grateful to my hon. Friend, and I will certainly look at the issue. My hon. Friend the Minister for the Armed Forces thinks that we have already done that, but I will check and write to her.

Alec Shelbrooke (Elmet and Rothwell) (Con): I welcome my right hon. Friend to the role of Secretary of State. It has been an absolute pleasure to work as part of his team in the Department for Transport, and I am sure that he will make an excellent Secretary of State for Defence. Will he update the House on his plans for an Afghan national army officer training centre?

Mr Hammond: The Prime Minister announced in the summer that the UK would lead the establishment of an Afghan national army officer training centre just outside Kabul. We will provide about 75% of the staff required for the academy and we are in discussion with other nations about supplying the other 25%. The centre will be one of the UK's lasting legacies for the effectiveness of the Afghan national forces in the future.

Henry Smith (Crawley) (Con): I congratulate my right hon. Friend. I appreciate that he has only been Defence Secretary for a few days, but what is his assessment of unmanned drones, such as Watchkeeper, in terms of combating threats such as IEDs?

Mr Hammond: Clearly the evidence of the campaign in Afghanistan is that unmanned aerial surveillance vehicles make a huge contribution to our intelligence picture, including at the level of interdiction of IEDs. Armed unmanned aerial vehicles have also played an important part in the US campaign to attack high-value targets.

Jason McCartney (Colne Valley) (Con): I too welcome the Secretary of State to his post, and having listened to him for some 48 minutes, I would have thought that he had been in post for four years rather than 48 hours. I have spoken to the US general responsible for training the Afghan police and army, and he put a real emphasis—as did his report—on the quality of recruits, not just the quantity. Does my right hon. Friend agree that improving the levels of literacy will be crucial if we are to leave a strong force behind?

Mr Hammond: Yes, I absolutely agree—and good progress has been made on improving rates of literacy in the ANA.

If I may, I will take this opportunity to give the answer that I could not give earlier to the Opposition spokesman. All ANA and ANP recruits are now biometrically enrolled, which will help with the anti-infiltration programme.

Stephen Metcalfe (South Basildon and East Thurrock) (Con): In addition to our military activities, what role, if any, are our troops playing in supporting and providing the vital infrastructure that will be so important in helping Afghans develop their economy and create the stable environment in which to provide for their own security?

Mr Hammond: My understanding is that our development programme is executed via the use of private contractors, but where necessary, of course, we shall use UK forces to protect those contractors, as happened in the case to which I referred earlier involving the highway construction programme.

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): I welcome the new Secretary of State for Defence to his position and urge him to stay there for as long as he possibly can, because we need to break this cycle of permanently changing Secretaries of State for Defence. I thank him for agreeing to meet 3 Commando Brigade when it returns, but I ask him for two assurances: that Plymouth will remain a principal naval port in the defence of our country and that he will find time in his diary to visit the Haslar unit, which is part of 3 Commando Brigade in my constituency and which helps members of the armed forces who have been badly hurt and who sometimes have had limbs amputated?

Mr Hammond: I am happy to do my best to remain in post for as long as I can, although my hon. Friend might address his plea to my right hon. Friend the Prime Minister. It is the Government's policy that Plymouth will remain one of the UK's principal naval bases, and I am happy to arrange a visit to the Haslar unit at a convenient time.

Christopher Pincher (Tamworth) (Con): May I, too, add to the bouquets of congratulations under which my right hon. Friend is being buried today? In July, President Karzai of Afghanistan accepted that his Government needed to provide a more predictable environment of security to Afghan citizens. What further can the Afghan Government do with their political and military machinery—my right hon. Friend has spoken about the recruitment of more local policemen—to help build that more predictable security environment before 2014?

Mr Hammond: If my hon. Friend could avoid the term "buried", I would be grateful to him. It is vital that we create this climate of security—I have referred to some of the initiatives under way—but it is clear to me, from everyone I have spoken to over the past 96 hours, that nobody who knows the country believes that there can be a sustainable, durable, peaceful Afghanistan unless all its people are included. That means that reactivating the reconciliation process and the political track at the earliest possible opportunity—after the disruption suffered following the Rabbani assassination—will be of critical importance to the future.

Mr Philip Hollobone (Kettering) (Con): May I warmly congratulate my right hon. Friend on his appointment? Although lots of NATO countries are involved in Afghanistan, only we, the United States and a few others are doing more than their fair share. The same seems to be true in other theatres, such as Libya and in the anti-piracy operations off the African coast. Will he do all that he can to ensure that all NATO members play their full part in the success of this organisation?

Mr Hammond: I am happy to take up the cudgels on this issue, which, as my hon. Friend will know, my predecessor regarded as hugely important. I pay tribute to the huge progress and consistent effort that he made in reminding our NATO allies of their obligations. However, my understanding, from talking to military people over the past couple of days, is that the contribution that the Estonians and Danes, for example, have been making under British command in Helmand has been recognised as first class and is very welcome.

Point of Order

4.33 pm

Ms Angela Eagle (Wallasey) (Lab): On a point of order, Mr Speaker. Further to my point of order yesterday and in view of the apparent media briefing regarding the contents of the Cabinet Secretary's report to the Prime Minister—for example, the political editor of *The Daily Telegraph* had an article up at 10 minutes to 1 containing information about what is in the report—will you inform the House on whether the Prime Minister has indicated that he will be making a statement to the House on the report's contents?

Mr Speaker: I am grateful to the hon. Lady for advance notice of her point of order. I have received at this stage no such indication, but I am well aware of the intense interest in these matters in all parts of the House and of the wish that the House should have an opportunity to scrutinise them in detail. I understand that the report will be published later today, and it is clear to me that such scrutiny will be more effective when right hon. and hon. Members have had a chance to study it. It will not require telepathy to deduce that once the report has been published, an application for an urgent question—in the absence of any ministerial statement—will be the most effective way of pursuing that end. *[Interruption.]* I hope that that is helpful. It is always a pleasure for me to bring some happiness into the life of the right hon. Member for Rotherham (Mr MacShane).

ROYAL ASSENT

Mr Speaker: I have to notify the House, in accordance with the Royal Assent Act 1967, that the Queen has signified her Royal Assent to the following Acts:

Sovereign Grant Act 2011

Energy Act 2011.

Concessionary Bus Travel (Amendment)

Motion for leave to bring in a Bill (Standing Order No. 23)

4.36 pm

Paul Maynard (Blackpool North and Cleveleys) (Con): I beg to move,

> That leave be given to bring in a Bill to amend the Concessionary Bus Travel Act 2007 to broaden the definition of eligible journeys to allow people with complex mobility problems who cannot access public transport to use concessionary travel passes on community transport services; and for connected purposes.

I am sure that everyone in the Chamber is aware how much our constituents value the current concessionary travel scheme, even if we tend to argue about it come election time. Indeed, there are perhaps few issues that are more controversial. However, there is one imbalance in the application of the existing legislation that needs to be addressed—one that I fear was not in the minds of those who framed the legislation back in 2007. Able-bodied pensioners who can use existing public transport can use their concessionary travel cards without any problem, but anyone with the misfortune to be a disabled pensioner or to have complex mobility needs, who perhaps cannot even make it to the bus stop in the first place, might have to rely on dial-a-ride services, demand-responsive services or other forms of community transport. In many cases, such people will have to pay their own way because, in essence, the community transport sector does not enjoy the statutory benefits for which the concessionary card scheme allows.

To me, that imbalance seems to be not only unfair, but contrary to the spirit of human dignity. Community transport as a sector ranges from the dial-a-ride services that I have mentioned to wheels-to-work schemes for apprentices, demand-responsive bus routes and community car schemes. There are at least 60,000 community transport volunteers up and down the country. Indeed, one could argue that the sector was nothing less than the big society in action. As hon. Members may be aware, section 22 community transport services are beginning to play a crucial role in filling the gaps that are appearing in many rural bus networks. However, my proposals focus on services provided under section 19 of the Transport Act 1985, which allows not-for-profit organisations to charge for providing transport to those whom it serves, without the need to obtain a public service vehicle operator's licence. The provisions apply to any not-for-profit body associated with educational, religious, social welfare, recreational and other activities of benefit to the community.

I understand that many councils seek to subsidise travel for those who are disabled in various ways. However, not every council does, and with increasing budgetary pressures, which Members on both sides of the House must recognise, I fear that fewer and fewer will. For example, in my constituency, which is covered by two upper-tier councils, there are two ways in which those needs are fulfilled. Blackpool, for example, has an excellent dial-a-ride charity called Ride-Ability. One needs to be a member to access its services, and any member presenting a concessionary NoWcard with a blue stripe can obtain services for a half-fare. A disabled passenger with an orange NoWcard issued by the local authority can, on payment of 50p, obtain any single passenger journey that they wish to make. In Lancashire, however, the situation is slightly different in that the system is mileage related. People pay £2 to travel any distance up to two miles, and the fare goes right up to £10 for a journey of 18 miles or more.

I understand that, even as we speak, Blackpool council is reassessing whether to continue funding the Ride-Ability charity, which it subsidises to the tune of £112,000. One option that it seeks to adopt would involve restricting access to between 11 am and 3 pm, when the council's existing vehicles are not used by people with other forms of special transport needs. My fear is that that option would restrict individual freedom and spontaneity. I am not sure that I would like to have to live my life only between the hours of 11 am and 3 pm.

I realise that my proposal will be interpreted by many, including the Government, as a request for a spending commitment. I am often contacted by pensioners who ask why they have been given a concessionary travel card when they do not need one. They tell me that they can afford to pay their own way. I often reply, "Actually, you are not obliged to use your concessionary travel card. There is nothing to stop you paying your own way, if you wish to do so." That might be a sensible way forward, if the Government are concerned about how to fund the proposed extension.

Given the Government's current enthusiasm for de-ring-fencing spending, I note that they have ring-fenced £10 million to local government for community transport schemes, so they have already established a slight predisposition towards the sector. I also note the words of the Community Transport Association, which has written:

> "Any person unable to make use of their concession on existing eligible transport services as a result of disability, age or other limiting factor should be permitted to use it on other transport services, with the operators of those services being reimbursed by the administrators of the local concessionary travel scheme. All eligible passengers should receive equal access to services. However, the provision of this fair level of service to currently excluded individuals must not adversely affect the level or quality of service enjoyed by existing passengers".

That goes to the nub of the matter.

My proposals might strike some as an unwelcome and unnecessary extension of the concessionary scheme. I accept that the present system is not ideal, by any stretch of the imagination. It contains too many flaws, inconsistencies and perverse consequences. Anyone who has read the recent Transport Committee report on bus services will be aware that more and more people have a concessionary fare card, but do not have the bus services on which to use them. I would say to anyone present who disagrees with my proposals that all I am seeking to do is ensure that the welcome benefits that apply to one section of the community should apply to everyone, including those with particular complex mobility problems. This is not a matter of bus policy, or even of wider transport policy. It is simply a matter of human dignity.

Question put and agreed to.

Ordered,

That Paul Maynard, Dr Julian Huppert, Paul Goggins, Mark Lazarowicz and Mr Lee Scott present the Bill.

Paul Maynard accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 24 February 2012, and to be printed (Bill 236).

Pensions Bill [*Lords*] (Programme) (No. 2)

4.44 pm

The Minister of State, Department for Work and Pensions (Steve Webb): I beg to move,

That the Order of 20 June 2011 (Pensions Bill [*Lords*] (Programme)) be varied as follows:

1. Paragraphs 4 and 5 of the Order shall be omitted.

2. Proceedings on Consideration shall be taken in the order shown in the first column of the following Table.

3. The proceedings shall (so far as not previously concluded) be brought to a conclusion at the times specified in the second column of the Table.

TABLE

Proceedings	Time for conclusion of proceedings
Amendments to Clause 1 and Schedule 1, and New Clauses relating to state pension age.	7.45 pm at today's sitting.
New Clauses relating to Part 2; Amendments to Clauses 4 to 17; New Clauses relating to the meaning of 'money purchase benefits'; remaining New Clauses; Amendments to Clauses 2, 3 and 18 to 33; New Schedules; Amendments to Schedules 2 to 5; and remaining proceedings on Consideration.	9 pm at today's sitting.

4. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at 10 pm at today's sitting.

Briefly, as you will be aware, Mr Speaker, this Pensions Bill covers a wide range of issues. The issue that has understandably attracted most attention has been the one about state pension age. The programme motion thus gives that issue the lion's share of the time available for Report. There is a range of other important issues relating to private pensions, so the final hour or so is given over to all those issues. Rather than detaining the House by talking about talks, as it were, I commend the programme motion and hope that we can move on to debating the substantive issues.

Mr Speaker: Does Mr Timms or Mr McClymont wish to speak? There is no obligation on any right hon. or hon. Member to speak.

4.45 pm

Hywel Williams (Arfon) (PC): Hon. Members will have noted that in his very brief speech the Pensions Minister did not mention my new clause 8. Debate on the first group of amendments is due to end at 7.45 pm. As a consequence, we will regrettably have only one hour and 15 minutes allocated to three further matters, including six Government new clauses and three Opposition amendments on automatic enrolment, and five Government new clauses and one Government amendment on money purchase benefits, before we reach my new clause. I do not know whether we will reach new clause 8, but I am, perhaps uncharacteristically, pessimistic. If we do not do so, the issue will, under the current proposals, come back to haunt us as we see the full cumulative effect of the change from the retail prices index to the consumer prices index basis.

I do not wish to open debate on my new clause now, but I want to put it on record, as I said on Second Reading, that the CPI has more often been lower than

[Hywel Williams]

the RPI. The figures announced today show a small difference between the two measures, with RPI at 5.6% and CPI at 5.2%. That, of course, is no guarantee for the future. I will not detain the House further on this matter now, as I hope to able to speak to new clause 8. I just wanted to make those points at this juncture.

Question put and agreed to.

Pensions Bill [*Lords*]

Consideration of Bill, as amended in the Public Bill Committee.

Clause 1

EQUALISATION OF AND INCREASE IN PENSIONABLE AGE FOR MEN AND WOMEN

4.48 pm

Gregg McClymont (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): I beg to move amendment 1, page 1, line 6, leave out 'December 1953' and insert 'April 1955'.

Mr Speaker: With this it will be convenient to discuss the following:

Amendment 3, page 1, line 8, leave out subsection (4).

Amendment 4, page 2, leave out lines 12 to 18 and insert—

'6th April 1955 to 5th May 1955	6th May 2020
6th May 1955 to 5th June 1955	6th July 2020
6th June 1955 to 5th July 1955	6th September 2020
6th July 1955 to 5th August 1955	6th November 2020
6th August 1955 to 5th September 1955	6th January 2021
6th September 1955 to 5th October 1955	6th March 2021
6th October 1955 to 5th November 1955	6th May 2021
6th November 1955 to 5th December 1955	6th July 2021
6th December 1955 to 5th January 1956	6th September 2021
6th January 1956 to 5th February1956	6th November 2021
6th February 1956 to 5th March 1956	6th January 2022
6th March 1956 to 5th April 1956	6th March 2022.'—*(Rachel Reeves.)*

Government amendments 13 and 14.

Amendment 5, page 2, line 19, leave out '1954' and insert '1956'.

Amendment 6, page 23, line 20, in schedule 1, leave out from '(a)' to end of line 22 and insert 'delete "2024" and replace with "April 2020".'.

Amendment 7, page 23, line 31, in schedule 1, leave out '6th December 2018' and insert '6th April 2020'.

Gregg McClymont: In my first foray from the Dispatch Box, I would like to say that I look forward to having a continuing dialogue with the Minister on this subject. He has a formidable reputation in this field. He told me at our first meeting that one of my former students is now his researcher; that, I think, makes him doubly formidable. I would also like to pay tribute to my predecessor, my hon. Friend the Member for Leeds West (Rachel Reeves). She, along with thousands of women, has led the campaign to highlight the burden being placed on up to 500,000 women by the acceleration of the timetable for the equalisation of the state pension age. I think we can all agree that she has done a very important job of work.

We welcome the Government's concessions as laid down in the amendments, but we do not think they go far enough. The Government are no longer condemning 245,000 women to an extra waiting period of between 19 and 24 months, and that is welcome; but it is too little, too late. The cardinal fact about the Bill remains that 500,000 women will still have to wait up to 18 months longer, and 330,000 will have to wait exactly 18 months longer, before reaching their state pension age. The Government have chosen to break the all-party Turner consensus that women's state pension age should not reach 65 before 2020, and they have also broken the coalition agreement, which promised that women's state pension age would not reach 65 before that year.

The Minister of State, Department for Work and Pensions (Steve Webb): I congratulate the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East (Gregg McClymont)—this is the only time I am ever going to say that—on his new post. He mentioned Lord Turner. Is he aware that following the improvements in demographic projections that have taken place since Lord Turner produced his report, he is now on record saying that if he had been writing his report then, he would have gone much further much faster?

Gregg McClymont: The Minister is of course right. I believe that since the Turner report, longevity predictions have risen by 6.5% for men and 5.5% for women. There is no doubt that the issue is complex—no one is denying that—and there may well be a case for going further faster, but the burden of my argument involves the half a million women who must wait for up to 18 months. Our view is that that is a disproportionate burden, imposed without fair and due notice.

Alok Sharma (Reading West) (Con): Will the hon. Gentleman give way?

Gregg McClymont: I should like to make a little more progress first. I shall be happy to give way after that.

In 2005, in the days when the Conservative party was trying desperately to shift the perception that it had not changed, the present Prime Minister said:

> "If you put eight Conservative men round a table and ask them to discuss what should be done about pensions, you'd get some good answers… but what you are less likely to get is a powerful insight into the massive unfairness relating to women's pensions."

Alok Sharma: I am grateful to the hon. Gentleman for acknowledging that the Government have moved some way on the transitional arrangements, but may I ask him a question that I asked his predecessor, the hon. Member for Leeds West (Rachel Reeves), in Committee? How does he expect to fund the changes that he proposes?

Gregg McClymont: Is the hon. Gentleman aware that the savings that we are discussing have absolutely nothing to do with the deficit? They will accrue from 2016 onwards.

Alok Sharma: What the hon. Gentleman has said is interesting, given that when the Labour party was last in power, it did not really bother about saving for tomorrow. This is what his predecessor said when the point was raised in Committee:

> "this is outside the period of the comprehensive spending review and the budget deficit reduction plan."—[*Official Report, Pensions Public Bill Committee,* 5 July 2011; c. 8.]

As the hon. Gentleman knows, we are not going to suddenly stop spending and raising money after the budget deficit has gone. If we keep making unfunded pension commitments, that will add to the deficit and the debt in the future.

Gregg McClymont: That was not so much an intervention as a speech. The fact remains that the difference between the Government's proposals and ours is £10 billion over 10 years. That is £1 billion a year. Is the hon. Gentleman really saying that a saving of that kind cannot be found in a more sophisticated way, without placing an unfair and disproportionate burden on those women? I do not agree, and nor does any other Opposition Member.

The Prime Minister was right when he suggested that if you put eight Conservative men around a table you would get some interesting answers on pensions, but you would not get the right answer. The Prime Minister was right then, and the Government are wrong now. The Minister's amendments are welcome, and I am sure that he would personally like to go further, but he does not sit at the Cabinet table, although perhaps pensions Ministers should be in the Cabinet. This concession thus remains too limited. Some 500,000 women will still have to wait up to 18 months longer before reaching state pension age.

Turning to a point the Minister made earlier, this is not an easy issue, and there are great challenges, including that of longevity. As people live longer, the state pension age needs to rise to ensure a decent state pension for all. Labour set in train the Turner consensus: the state pension to rise in line with earnings; the retirement age to rise to 68 by 2046; and private pensions to be opt-out rather than opt-in. Labour also maintained the timetable for equalisation set out in the Pensions Act 1995.

Members on the Government Benches ask why we did not implement that, but Labour made great strides on pensions. Some 1 million pensioners were lifted out of poverty between 1997 and 2010. That is a real achievement. The poorest pensioners were lifted out of poverty. No pensioner lives in absolute poverty any longer. I must also point out that we had to do that because the previous Conservative Government left the pension system, and particularly the poorest pensioners, in a very difficult situation.

Richard Graham (Gloucester) (Con): The hon. Gentleman takes us back into the mists of history, but surely today's announcement can be warmly welcomed by all Members on both sides of the House? The right hon. Member for Birmingham, Hodge Hill (Mr Byrne) describes this announcement as "just a sticking plaster", however. I cannot think of any other sticking plaster in history which has cost £1.1 billion and helped 250,000 people. That cannot have been the case even when the right hon. Gentleman was at the Treasury.

Gregg McClymont: Perhaps because I have a historian's perspective, I do not consider 35 years ago to be the mists of time. I think that that era is relevant to our discussion of pensions today.

We cannot sit still and do nothing on pensions. We accept that changes have to be made; we have no complaint about that, and we accept the Minister's point about rising longevity.

Kate Green (Stretford and Urmston) (Lab): I am very pleased that my hon. Friend has taken up his new post. I am sure he agrees that a balance must be struck between dealing with rising longevity by having a plan to increase the state pension age over time, and offering short-term certainty to women who need to be able to plan their personal finances. We must not keep adjusting our pensions policy just because longevity keeps on rising. A sensible balance must be struck.

Gregg McClymont: My hon. Friend makes her point with greater eloquence than I could muster, and she sums up the crux of our case.

Labour set two tests for the Pensions Bill, and the Government continue to fail both of them. They fail the first test of giving fair and due notice, to which my hon. Friend just referred. Even if amended in line with the Government proposals, the Bill will not give those 500,000 women fair and proper notice of the rise in their state pension age.

Brandon Lewis (Great Yarmouth) (Con): The hon. Gentleman did not respond to the earlier point about needing to strike a balance between what this country can afford economically and what any Government might like to do. As Age UK has said, £1 billion to help 250,000 women is a big step forward. We should welcome that, rather than play petty politics with it.

Gregg McClymont: Actually, I did answer that point very simply. This has nothing to do with the deficit, and there is a £10 billion difference between our position and that of the Government over the 10 years after 2016, which amounts to £1 billion a year. If the hon. Gentleman is saying that that £1 billion a year is a fair and balanced outcome, all I can say is that, given the greater burden being placed on 500,000 women, Labour Members disagree with him.

5 pm

Mr Marcus Jones (Nuneaton) (Con): The hon. Gentleman mentions that the deficit will be brought down by 2015-16. That may be the case, but this country will still owe £1.14 trillion or £1.15 trillion. Does he think it fair and just that our children and their children, and probably their children, will be taking on that debt?

Gregg McClymont: Does the hon. Gentleman not understand his own Government's policy, which is to eradicate the structural deficit by 2015? *[Interruption.]* According to the Government, the deficit will have gone. *[Interruption.]* The Secretary of State, from a sedentary position, makes the distinction between debt and deficit. I can tell him that I am well aware of that distinction, but I suggest that Members on the Government Benches are not so clear on this. I say that because £1 billion a year is one 1,000th of the debt that the hon. Gentleman just—

Mr Jones *rose—*

Gregg McClymont: No, I will not give way again, because I have answered the hon. Gentleman's question very clearly. I will restate the point: £1 billion a year is one 1,000th of the national debt figure to which he just referred.

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): I welcome the hon. Gentleman to his place. I am wondering whether he taught my son, who is still at Oxford, as now I am really worried. Let me ask him a simple question. The simple fact is that he is getting confused. His argument was originally about the deficit and it has now drifted, rightly, into being about debt. However, debt is not some esoteric issue. If we do not pay off that debt and have a plan to pay it off, all our interest charges rise. The key thing is that it stacks up. Whether or not it is one 1,000th—or whatever he calculates—we have to make a start. We are making a major start on debt repayment. If, as he says, we are talking about only—as he says—£1 billion a year, he needs to tell us where he is going to find this sophisticated £1 billion to replace it?

Gregg McClymont: I thank the Secretary of State for his intervention. I am sure that his son is getting a better education than I could manage to provide, as he rather ungallantly suggested. The fact is that this is one 1,000th of the £1.3 trillion debt, and the issue is one of balance and proportion. Is £1 billion—

Brandon Lewis *rose—*

Gregg McClymont: I am sorry, but I have given way enough and I have to make progress.

Mr Marcus Jones *rose—*

Gregg McClymont: No, I will not give way. I am sorry to be able to quote some relevant arithmetic to Conservative Members—they do not seem to like it— but these are facts. Let me continue my point: £1 billion a year for 10 years is one 1,000th of our national debt.

Brandon Lewis *rose—*

Gregg McClymont: No, I will not give way.

Dame Anne Begg (Aberdeen South) (Lab): Will my hon. Friend give way?

Gregg McClymont: I would be delighted to give way to my hon. Friend.

Dame Anne Begg: I, too, welcome my hon. Friend to his first outing at the Dispatch Box. Perhaps this exchange has just illustrated all too clearly why women are deserting the Tories in huge numbers—it is because they do not feel that they should be the ones who have to bear the burden of the debt that exists. It is that balance that the Government have failed to understand.

Gregg McClymont: My hon. Friend, with her usual sagacity, gets to the heart of the matter. Given that we are talking about a small amount of money in the scheme of things—*[Interruption.]* The two tests that we have set are: do the Government's plans give fair and due notice to the women concerned, and do those plans bear proportionately on all women affected? The answer is no and no. The Bill continues to place the longevity burden disproportionately heavily on women in their later 50s.

Mr Frank Field (Birkenhead) (Lab): Conservative Members may not be able to understand the point my hon. Friend is making, but Labour Members clearly comprehend it. The Government have given us a target for when they will have paid off the structural deficit—we are into different territory. I was hoping that my hon. Friend might tease out from the Government how much of the overall changes they are making to the social security budget will bear on women compared with on men and women.

Gregg McClymont: I thank my right hon. Friend for that very important point. This all bears on the fact that, for all the talk, the Government do not understand the difference between a deficit and a national debt. That is pretty clear from our discussion so far.

Richard Graham: Will the hon. Gentleman give way?

Gregg McClymont: No, I will not.

Let me restate our case. The Bill fails our two tests: first, it fails to give fair and due notice of the rise in pension age to the 500,000 women concerned; and secondly, the burden falls disproportionately on this group of women.

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): I thank my hon. Friend for giving way and I am conscious that people watching this debate who are affected by it will begin to wonder whether we have somehow lost the plot. I have a constituent who has taken early retirement under deficit cuts and expected to get her pension when she was 64. She will now have to wait until she is 66 and she tells me that there will be a period when her money will simply have run out and she will have nothing to fill that gap. Does my hon. Friend agree that that could not by any stretch of the imagination be deemed to be fair?

Gregg McClymont: That bears precisely on the point. We are talking about real women and we must give due credence to their fears and anxieties, especially about due notice.

On fair notice, the fact remains that under the Government's amended plans some women will have only five years to prepare. The shock of having to adjust at such short notice to a rise in the pension age of between 12 and 18 months cannot be overestimated—this reflects the point made by my hon. Friend the Member for Kilmarnock and Loudoun (Cathy Jamieson). These women feel genuine anxiety. The 500,000 women in question made decisions based on what they thought was a contract with the Government that they had paid into the system for a certain amount of time and would get their state pension at a certain age. The Government have moved the goalposts dramatically for these women; there is no getting away from that and it is another way in which the Government are breaking the consensus we appeared to have in 2010.

The Government are going down a dangerous path with this Bill, which sets a precedent by which the principle of reasonable notice of changes in citizens' state pension age is dramatically reduced. The precedent is important because as longevity rises and as the Minister already suggested, there will inevitably be further uplifts in the state pension age. The principle of reasonable notice is broken by this Bill.

The independent Pensions Policy Institute was very clear in its evidence to the Select Committee on Work and Pensions on that point. The 1995 Act gave women 15 years' notice and although the Pensions Policy Institute understood that longevity is rising and that it is necessary to make changes more quickly, it still maintained that 10 years needed to be the minimum notice that any woman was given.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): I am grateful to the hon. Gentleman for giving way and I share his concern that the principle that the goalposts can be shifted with very short notice is serious. Does he agree that the problem with the longevity argument is that there are huge disparities in longevity according to people's occupations as well as geographically? I am sure that affects his constituency, as it does mine.

Gregg McClymont: The hon. Lady makes a good point. That is an issue that my right hon. Friend the Member for Croydon North (Malcolm Wicks) often raises: averages can hide great disparities in social class as well as gender. That is a very important issue and I am sure the Minister is well aware of it.

The principle of reasonable notice is broken by the Bill. The Government's concessions do not meet the fair and proper notice test, which is a principle of crucial importance. The second test we set for the Government was the proportionality test. They are unfairly and disproportionately singling out women aged 57 and 58 for harsher treatment. I do not suggest that they have singled them out deliberately—of course not—but I do say that they are not doing enough to compensate those women who have lost out in a birth date lottery that is not of their making. These women cannot, on the whole, afford the burden that the Government are placing on them, and they have certainly done nothing to deserve it. The Government should not make those women carry the heaviest burden of rising longevity—that is unfair and unjust. Some 500,000 women will still have to wait between a year and 18 months longer than they would have to reach state pension age. As I have previously stated, 330,000 women—one third of a million—will have to wait exactly 18 months longer, with the psychological and financial burdens that imposes.

Hywel Williams (Arfon) (PC): There is a further, regional unfairness in relation to the availability of work. If people are to work for longer, where are the jobs to come from? That will affect the hon. Gentleman's constituency and mine as well as those in the north-east of England and many other places. Also, if people are filling jobs at the ages of 65 and 66, the knock-on effects on youth unemployment will be substantial.

Gregg McClymont: The hon. Gentleman makes a very important point. If women and men are to work for longer, we have to look at the figures for employment. My understanding is that up to 38% of women aged between 56 and 60 are not in employment at the moment. That is a real issue, which I am sure the Minister is considering.

The Bill fails the two tests, in that it is unfair and there is an undue lack of notice. It also fails the proportionality test. Take the case of Laura Davis, who is 57, single and suffers from a heart condition and

The Department does not collect data from NHS foundation trusts. Where an NHS trust obtains foundation trust status part way through any year, the data provided are only for the part of the year the organisation operated as an NHS trust.

NHS: Private Sector

Chris Ruane: To ask the Secretary of State for Health in what areas of NHS provision he expects private sector businesses to operate under his proposals for NHS reform. [73021]

Mr Simon Burns: We expect national health service services to be commissioned from the provider (or providers) best able to meet patients' needs and deliver value for taxpayers' money whether from the public, private or voluntary sector.

A plural system of provision already exists in the NHS, for example within primary care and mental health services. For services where there is competition between providers this must be fair, transparent and non-discriminatory. However, it will remain the responsibility of commissioners to take decisions, in the context of the mandate from the Secretary of State for Health on where services should be competing as a means to improving those services for patients.

NHS: Procurement

Mr Buckland: To ask the Secretary of State for Health (1) what plans he has to introduce a system within the proposed new NHS structure to ensure that procurement practices achieve value for money; [74266]

(2) what assessment he has made of the extent to which NHS procurement practices enable the making of efficiency savings. [74267]

Mr Simon Burns: The Department has in place clear plans through the Quality, Innovation, Productivity and Prevention (QIPP) workstream to support the national health service in making £1.2 billion in savings on procurement of goods and services over the next three years. This applies exclusively to NHS providers—NHS trusts and NHS foundation trusts.

These savings are to come in four main areas:

reducing price variation (all providers to use best available prices)—£598 million;

efficiencies in back office organisation—£65 million;

improved use and management of stock —283 million; and

clinical efficiencies (release of time for more direct clinical work)—£142 million.

To support this, the Department is currently working on the finalising of key performance indicators to be introduced by April 2012 which can successfully measure improvements made by trusts in the management of their non-pay spend. The Department has also developed a new procurement strategy based around three key work strands of greater transparency on pricing; promoting and improving the national collaborative bodies such as NHS Supply Chain; and product standardisation and rationalisation. Following completion of consultations on these measures within the NHS, this new procurement strategy will be formally launched by April 2012.

In terms of procuring clinical services for NHS patients, the Health and Social Care Bill would provide for the Secretary of State to impose regulations on commissioners for the purpose of ensuring that they adhere to good procurement practice when commissioning health services for the purposes of the NHS.

Mr Buckland: To ask the Secretary of State for Health what discussions *(a)* he and *(b)* officials of his Department have had with NHS trusts on the sharing of best practice in respect of the adoption of money-saving technologies. [74269]

Mr Simon Burns: The Department actively pursues opportunities to support the national health service to share best practice in general and in particular on the adoption of money-saving technologies including:

collating a national register of local Quality, innovation, Productivity and Prevention (QIPP) digital initiatives for the direct purpose of bringing local teams together and sharing collateral;

providing guidance to local teams in using existing frameworks for money-saving technologies (such as online meeting services that provide direct cash-releasing savings); and

supporting other QIPP national workstreams such as QIPP Long-Term Conditions in bringing their local teams together in exploiting money-saving technologies.

In addition, officials within QIPP and the National Institute for Health and Clinical Excellence have been in discussions with NHS trusts to identify case studies of best practice in how the NHS is improving quality and productivity while making efficiency savings across the NHS and social care—many of which utilise innovative technology.

These cases studies are available online at:

www.evidence.nhs.uk/qipp

Grahame M. Morris: To ask the Secretary of State for Health what estimate he has made of the number of jobs in UK-based small and medium-sized enterprises that are dependent on NHS procurement or the NHS supply chain. [74973]

Mr Simon Burns: This information is not held centrally.

The Department is committed to encouraging the national health service to comply with the transparency requirements that apply to all Government bodies as set out in Cabinet Office guidance. This includes measures such as promoting the use of standardised forms such as pre-purchase questionnaires held on a centralised database, so suppliers can submit information once only; and encouraging NHS Supply Chain, Buying Solutions and other NHS procurement partners to simplify access for small and medium sized enterprises to their contracting activities.

NHS: Repairs and Maintenance

Andrew George: To ask the Secretary of State for Health what estimate his Department has made of future liabilities for NHS Trusts as a result of maintenance backlogs. [73092]

but the costs of this Tory-led Government's acceleration of the state pension age equalisation timetable targets a group with limited resources.

Alok Sharma: Will the hon. Gentleman give way?

Gregg McClymont: I hope that this is better than the previous intervention.

Alok Sharma: I thank the hon. Gentleman for giving way. He is making a passionate point, and he talks about social justice and fairness, but all those on whose behalf he speaks up will ask, "If the Labour party ever get back into power, will they enact these changes?" It is a fair question for everyone to ask, and it is fair that he gives us an answer today.

Gregg McClymont: After the hon. Gentleman's previous intervention, he did not listen to the answer; given that intervention, he did not listen to the answer I gave the hon. Member for East Dunbartonshire. He just does not seem to get it.

Harriett Baldwin (West Worcestershire) (Con): Will the hon. Gentleman give way?

Gregg McClymont: I am happy to give way to the hon. Lady, who I know is an expert on these issues.

Harriett Baldwin: I thank the hon. Gentleman for giving way, welcome him to his post and declare an interest also as a woman whose state pension age was increased to 66 under the previous Government. Given the £10 billion—

Mr Duncan Smith: Eleven billion.

Harriett Baldwin: Eleven billion, that's right.

Given the £11 billion commitment that the hon. Gentleman is making, and the £12.5 billion commitment that the shadow Chancellor has made, at what point do these billions of pounds add up to real money in the minds of Labour Front Benchers?

Gregg McClymont: The hon. Lady talks about real money, but the situation is clear: we are proposing £20 billion of savings starting in 2016; her Government are proposing £30 billion of savings. This measure would involve £1 billion a year over 10 years.

I understand that the hon. Lady has some actuarial experience, so she must understand that no sensible Opposition or, indeed, Government would put down in law that five years down the line they will still be committed to the same proposal. That is just common sense.

Gavin Shuker (Luton South) (Lab/Co-op): Does my hon. Friend agree that, as we talk about billions on one side of the House and billions on the other, the great irony is that public borrowing is up, when based on the Government's predictions? If we are to talk about billions being out of place in terms of budgets, perhaps that is a good place for us to start.

Gregg McClymont: My hon. Friend makes a very good point. The Government are very good at finding money when they want to, yet, on issues that affect a significant number of women—half a million—and given the anxiety and financial cost involved, they just seem unmoved.

Let us reflect a little on the kind of women we are talking about. According to the Library, the median total private pension of a fit 56-year-old woman is £9,100. That is not £9,100 a year; that is £9,100 in total. The same figure for a man is closer to £53,000—and not only that: these women are more reliant than men on the state pension. Often, it is a woman's only source of pension income, and 40% of such women have no private pension savings at all—*[Interruption.]* No one suggests that that is the Government's fault, and that is a pretty simplistic suggestion from a sedentary position by the Minister, the hon. Member for Basingstoke (Maria Miller), but the fact is that 40% of these women whom the Government are going to make wait between one year and 18 months have no private pension. The state pension is all they have.

Mr Iain McKenzie (Inverclyde) (Lab): That particularly resonates with my constituents in Inverclyde, where over 1,000 women who do not have a large pension to look forward to will be affected by this Bill. These are women who have taken time out to look after their children and are now providing child care for their sons and daughters, and perhaps looking after elderly relatives as well. These are women who can ill afford to lose out on their state pension, and also needed the time to prepare for this.

Gregg McClymont: My hon. Friend is spot on. Caring is a very important issue in this context. A third of these women are already retired, in their late 50s, and are often caring for relatives. Of course, men have caring responsibilities too, but in significantly lower numbers than women.

These women also earn less, on average, than men. They have less chance of making up for the £7,800 in lost pension income that the 330,000 women waiting for 18 months are estimated to lose. If pension credit is added to that, some women are losing up to £11,000, and that is before taking into account the benefits that accrue at state pension age, such as the winter fuel allowance, free travel and so on. This is a serious financial loss to these women.

Lilian Greenwood (Nottingham South) (Lab): My hon. Friend has made the very point that I was going to make. These women are losing out not only on pensions, and potentially pension credit, but on the passported benefits that are so important for low-paid pensioners, such as the winter fuel allowance, free bus travel, free dental work and free prescriptions. Those things are really important to this group of women, and they will have to wait longer to receive them.

Gregg McClymont: That is absolutely right. There is no doubt that this is a significant blow to these 500,000 women. That is why we have tabled our amendments. If they were passed this evening, the 330,000 women facing an 18-month hike in state pension age would have restored to them the average amount of £7,800. If they were on pension credit, they would also have restored to them up to £11,000 and all the other benefits that

[Gregg McClymont]

accrue at state pension age that my hon. Friend mentioned. I say it again: this is a serious, significant issue for a large group of women.

Our amendments offer the Government one last chance to show women that they get it. We are all aware of the Government's growing problem with women voters. We hear the reports of the Prime Minister huddled in No. 10 surrounded by advisers and pollsters explaining to him just how grim the news is regarding the opinions of women voters. Support for this Government among women is falling off a cliff. According to the reports from inside No. 10, the pollsters are telling the Prime Minister that 25% more women than men believe that the economy is going in the wrong direction, while 10% more women than men are saying that cuts are falling unfairly on women—and no wonder, given this Bill, among other things. According to the leaks from inside No. 10, favourability towards the coalition among women is now 12 points lower than it was 18 months ago. Women are twice as likely to think that their children will have a worse life and less opportunity than their generation. Overall support from female voters for the Conservatives and for the Liberal Democrats has slipped significantly, and we know today that the Government are falling further behind in the polls.

Our amendments offer the Government a chance to show that they get it and that they understand that what matters to women is the impact of Government policies on their lives and the lives of their families. Our amendments offer the Government a chance to show belatedly, on an issue that matters, that they understand women's priorities. I commend our amendments to the House.

5.30 pm

Jenny Willott (Cardiff Central) (LD): This is slightly earlier in the debate than I expected to be called. I will speak briefly on the amendments tabled by the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East (Gregg McClymont) and the Government amendments.

I know that we will have a fuller debate later, but much of the Bill has complete agreement across the House and is extremely welcome. The changes to the state pension age seem to have overshadowed many of the other issues in the Bill. As I said on Second Reading, I and many of my Liberal Democrat colleagues were deeply concerned about the effect of these changes on women who are being asked to work significantly longer at short notice.

The hon. Gentleman who has just spoken—I will not repeat his constituency name, as saying it once was an achievement—said that the state pension age has to rise, and I think that we all accept that. We are all living longer. The gains in life expectancy have been significant and are continuing. In 1970, someone reaching 60 could expect to live for 18 years. Last year, that had risen to 28 years. That puts a significant financial burden on the state. By the time I retire, I fully expect the retirement age to be somewhere north of 70. Goodness knows whether there will even be a state pension by that point.

When we are increasing the state pension age, we need to ensure that it is done as fairly as possible. I and my colleagues, a number of whom are present, have been vocal in our efforts to change the timetable. I know that the Minister and his colleagues in the Department for Work and Pensions have been actively working within Government to ensure that the timetable is fairer and that those who are worst affected by the changes are protected. In my view, the initial draft timetable was not fair to the women who were worst affected. I am pleased that the Government have listened to the concerns that were raised by many people and have tabled today's amendments. I am sure that the Minister will tell us more about them in his summation.

Lilian Greenwood: I hear what the hon. Lady says, but will she explain to the 300,000 women who will have to wait longer than anybody else to receive their state pension—between a year and 18 months longer—why they should have to pay more of the burden than anyone else?

Jenny Willott: Later in my speech I will move on to comments that relate to the hon. Lady's point.

Capping the state pension age increase to a maximum of 18 months will protect 250,000 women, as we have heard, and 250,000 men. Therefore, 500,000 people will be better off as a result of the Government amendments. As we have heard, that is costing more than £1 billion. I am grateful to the Secretary of State and the Minister for managing to get £1 billion out of the Treasury. That is no mean feat. A problem with any change to the state pension is that the costs are in the billions, not the millions.

Fiona O'Donnell (East Lothian) (Lab): Will the hon. Lady give way?

Jenny Willott: I will make some progress first.

That problem makes it extremely difficult for small changes to be made. Given the financial circumstances, with the issues of debt and deficit that we have discussed, and the fact that other Departments are asking for money in the millions rather than the billions, convincing Treasury officials to be more generous cannot be easy. I hope that all hon. Members appreciate that the £1 billion going to these 500,000 people is a significant amount of money that has been found by the Government.

Hywel Williams: From the tenor of the hon. Lady's remarks, it sounds as though she is satisfied with the concession that the Minister has achieved. I congratulate him on the distance that he has gone and I do not underestimate the difficulties. However, is the hon. Lady confident that the women in her constituency who will still be affected will be as easily persuaded as her?

Jenny Willott: I was just going to move on to the fact that, although I am delighted by the changes, in an ideal world I would have liked us to go further. I would have liked to see the cap closer to 12 months than 18 months, but we are not in an ideal world and the cost associated with that would have been significant. I understand that the cost of capping at 12 months would have been close to £3 billion, which would have been a significant amount of money to find. That would have been an uphill struggle. We have to appreciate the scale of the money that has been found to make things better for the women who are worst affected.

There has been a broad coalition campaigning on this subject, including Age UK, Saga and Members of all parties. Some have been extremely constructive in their campaigning and in the pressure that they have put on the Government, whereas others have been slightly less constructive at times. Some of what the Labour party has proposed today is, I think, unrealistic. It is unhelpful to the attempt to make as much progress as we would like towards helping the women who are most affected.

The Labour amendments tabled in Committee and today on Report that would delay the entire increase by two years are not sensible or realistic. Regardless of what the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East says, £10 billion would be a huge black hole in the public finances, and it would be a significant amount that the Government would have to find. *[Interruption.]* I am told that it would be closer to £11 billion. I am not going to start the debt versus deficit debate again, but there would be a huge black hole if we accepted a Labour party proposal that would require an unfunded promise of £11 billion.

Gregg McClymont: I have a very simple question for the hon. Lady. Why take that money from these women?

Jenny Willott: I would be grateful if the hon. Gentleman could clarify to us where the money that he proposes spending would come from. Unless we tackle the financial crisis in this country and the financial circumstances that we face, my child and all our children and grandchildren will be paying off the debt. We have to tackle the debt—it is real money that needs to be found, and a £10 billion black hole would be a significant one to fill.

Dame Anne Begg: Can the hon. Lady explain where the Government are finding the £1 billion that is needed to make the change that is being announced today?

Jenny Willott: I am really sorry, but I cannot tell the hon. Lady where the Minister has found the money. I am sure that if she asks him the same question later, he will respond.

Stephen Metcalfe (South Basildon and East Thurrock) (Con): I am sure we all have great sympathy with the women who have been most adversely affected by the changes, but do you not agree that the Labour party's argument would be far more credible if it were able to tell us where it would make up the difference? Then we would be able to decide on the matter, as opposed to being told, "It is only £11 billion, we should find it from somewhere else."

Jenny Willott: I completely agree. There is strong feeling throughout the House that in an ideal world, none of us would want to see the problem exist. We all accept that the state pension age will have to increase, because we are living longer and there is a black hole in the finances. I have said that in an ideal world, I would like to see the increase capped at 12 months, but we are not in an ideal world and we have to find a compromise that is workable and affordable. I appreciate that there are women who will be negatively affected by today's proposals, and I am sure that we all have huge sympathy for them. However, I am glad that the Government have found the resources needed to mitigate the difficulties faced by those who are most severely affected.

Sheila Gilmore (Edinburgh East) (Lab): Does the hon. Lady not agree that in politics, choices are constantly made, and that there are a number of choices that could be made in this case? There are those, for example, who argue that the 50% tax rate should be reduced at an early date, and there are those who argue that the generous tax reliefs given to people on higher rate tax who contribute to pension schemes could be ended, giving substantial savings. Does she agree that there are always choices, and it is not just a question of asking where a particular sum of money will be found?

Jenny Willott: I completely accept that political decisions are a matter of priorities and choices—all hon. Members understand that, because we are all involved in political debates and decisions. As I have said, in an ideal world, I would like the cap to be reduced. However, given the financial circumstances, the Government's proposal is a compromise that I can accept. I understand that some will be negatively affected, but we have made significant progress. Half a million women and half a million men will benefit from the proposals, which I accept as a positive compromise.

Alok Sharma: My hon. Friend makes the point that we are not in an ideal world. A large part of the reason why we are not in the world that we would like to be in is that the previous Labour Government left us with a record deficit. Labour Members are now talking about another £10 billion. Does she agree that it is ludicrous for them to talk about unfunded commitments, and that they should instead apologise for the mess that they left the country in?

Jenny Willott: We need to focus on what is realistic and affordable. The Bill will affect people's lives, and we need to ensure that the state pension is affordable and sustainable long into the future. I want to receive the state pension that I have paid into when I come to retire, and I am sure all hon. Members and people out there in the country would want the same thing.

I welcome the fact that Labour Front Benchers are now more positive toward to today's proposals, and that they are prepared to accept that the Government have moved to the significant benefit of a large number of women, even if a realistic approach is somewhat lacking in their proposed amendments.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): Does not the hand-wringing between 12 months and 18 months, and billions here and there, show the utter vanity of the UK spending billions on Trident nuclear weapons, when we are finding difficulty in paying money to old age pensioners?

Jenny Willott: The hon. Gentleman tempts me into an area into which I will not follow him. That is an issue for another day, although my position is probably not too dissimilar from his.

Given the financial circumstances and the constraints that the Government face, the deal proposed today is a good one. The Government's amendments substantially mitigate the worst problems, and we should bear it in mind that £1 billion is a huge amount of money.

[Jenny Willott]

I hope the Minister can now concentrate on introducing a flat-rate pension for those whose retirement age is increased. That would make a massive difference to the amount that people get from their basic state pension when they retire, and it will benefit women in particular. Will he confirm that he still plans to introduce a flat-rate pension for 2016, so that women who are affected by the state pension age increase that we are discussing will be the first, or among the first, beneficiaries? In that way, although they retire later, they will do so on a significantly enhanced state pension, which would mitigate some of the financial implications of the Bill.

I commend the Minister and his colleagues in the Department for Work and Pensions for their efforts, and for their achievement of parting £1 billion from the Treasury to make the changes better, so that the effects are mitigated for those who are hardest hit. I hope that he continues to work to improve retirement income for both men and women.

Malcolm Wicks (Croydon North) (Lab): It is a pleasure to follow the hon. Member for Cardiff Central (Jenny Willott). I may touch on some of her themes as I make progress.

The Minister will forgive me for repeating some of the issues that I have raised before, not least in Committee. My main point is this: pension policy in Britain has always been at its best when it goes with the grain of how our society works and of how our people work and live. It is also at its best when we have the courage for long-term planning, with time scales and periods of notice that enable men and women to plan their lives and their retirement properly.

This Parliament first legislated for old age pensions more than 100 years ago, because it started to understand the extraordinary fact that, for the first time in broad numbers, working people were outliving their working lives: hence the need for an income in old age. We then had the great national insurance reforms, which the Liberal party should have much credit for introducing, including particularly those in the great report by the Liberal reformer, William Beveridge.

5.45 pm

I was thinking of William Beveridge as I was listening to the hon. Member for Cardiff Central. When Beveridge produced his report in 1942, it was hardly in the most auspicious public spending circumstances. He, and those in the Labour party who supported the Beveridge plan, was subject to huge opposition from many—but not all—in the Tory party, and particularly from the Treasury. Imagine the huge opposition from the Treasury to the outlandish idea that we could have a new national insurance settlement in the post-war world, at a time when we did not know where our pennies were coming from. But today the Liberal party has been blown away by a little puff from the lips of the Treasury. Thank goodness that in the 1940s there were decent strong Liberals, who were not blown away when the Tory monetarists spoke.

If Beveridge's national insurance plan enabled us to see a future that still lasts today, we can think of other things that ran with the grain of how people worked and lived in this country, not least the home responsibilities payments, which started to recognise that women had children and needed to leave the labour market, but should be properly insured for those responsibilities through the national insurance system. Later we introduced similar provisions for those caring for elderly relatives and others.

We face the challenge of longevity and we are all united in understanding the demography. Pension ages in both the occupational sector and the state sector need to increase, and that is where we reach agreement. However, I disagree with the crude, deficit-influenced way in which this policy is being forced through Parliament. The coalition Government assume certain points that I wish to question.

One assumption is that, broadly, everyone in society is benefiting from improved longevity and will live well into their late 70s and 80s, regardless of their social class and location. Where we live in our cities, towns and rural areas is closely related to socio-economic status.

Stephen Metcalfe: Will the right hon. Gentleman give way?

Malcolm Wicks: Not at the moment, because I want to set out the three assumptions before I deal with the hon. Gentleman's false—or possibly accurate—assumptions.

The second assumption is that British people live and work in similar ways. It is assumed that we start work and retire at more or less the same. The third assumption is that if we increase—as it appears we will—the pension age and the age of retirement, work will somehow be available. If people do not retire until 66 or 67, it is suggested that this Government's extraordinarily brilliant economic and employment policies will deliver labour for the people. It is those three assumptions that I wish to question.

Stephen Metcalfe: Longevity and extended life expectancy are key to this argument. You point out that longevity is not necessarily equally spread across society. Are you saying that certain sectors of society have benefited from improved longevity more than others, and that for some, life expectancy has not risen at all?

Malcolm Wicks: Certainly for some people it has not, but broadly speaking it is my understanding that it has risen for all socio-economic groups. My assumption is that it will continue to increase, but it is the differences by social class that the hon. Gentleman's question enables me to tease out—

Stephen Metcalfe: Will you give way on that point?

Malcolm Wicks: With respect, I think that what I have to say will be helpful to the hon. Gentleman, and I am sure that he will tell me where I get it wrong, if I do.

I want to analyse mortality by social class. I shall talk about men in particular, although there is a class difference among women too. People in social class 7 tend to be in routine occupations. For example, they might be labourers, van drivers, packers or cleaners; many women would be cleaners. We hear a lot about longevity and how we will all live to 100: the Minister keeps telling us—he issues a press notice every few months—that one fifth or one sixth of us will live to 100. It might surprise the House, therefore, that 19%—almost one fifth—of men from social class 7 die before the age of 65. Almost one fifth of these hard-working working-class people in tough jobs—no doubt they have had tough lives too—die before 65.

I put that point to the Minister and the House because, before glibly raising the pension age to 66 or 67, we need to recognise that many of our fellow citizens do not live to 65. Furthermore, 10% of women in social class 7 die before the age of 60, while among the professional classes, that figure is only 4%. I should have said earlier that, in contrast to the 19% figure, the proportion of men in the professional classes who die before the age of 65 is 7%. So there is a huge social class differential, and if we are not careful—we need to do the arithmetic very carefully—and if we glibly increase the pension age, we might rule out more and more people from ever getting their old age pension.

Steve Webb: The right hon. Gentleman raises some important issues. I do not think that he was Pensions Minister at the time, but he will be aware that it was the Pensions Act 2007 that ultimately raised the state pension age to 68. Why did he support that, given the points that he is making now?

Malcolm Wicks: I recognised the logic of demography and longevity and the need to raise pension ages, but since ceasing to be a Minister of any kind, I have had more opportunity to think about this and to study it—*[Laughter.]* The Minister might try thinking independently. It is not a bad idea. I would not giggle at the idea that we rethink our positions from time to time. I have rethought my position on this, not least because the Government are going helter-skelter towards raising the pension age in ways that the Labour Government never foresaw.

Stephen Metcalfe: I am grateful to you for giving way for a second time. You said that 19% of men in social class 7 die before they reach 65. Of those, how many were in work at the time? Is this a social problem relating to health, or is it caused by the nature of the work that they have done? I ask because I am concerned that we are saying that we cannot raise the pension age because of this particular group, when in fact everyone's life expectancy, regardless of how tough a life you have, has increased over the past 20 or 50 years.

Malcolm Wicks *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. May I help the hon. Member for South Basildon and East Thurrock (Stephen Metcalfe)? I follow closely the question of women's pension age and longevity, but he should not be addressing me—which is what he is doing when he says "you"—he should be addressing the rest of the Members in the Chamber. He has used that term several times now, and I gently ask him to observe the convention.

Malcolm Wicks: I cannot tell the hon. Gentleman how many of those people were still working when they died—although I want to say something later about the circumstances of that group of people.

Richard Graham: The right hon. Gentleman has much experience in these matters. However, may I put it to him that the reason why he voted in 2007 for the increase in the pension age was simply that the statistics to which he referred had changed so much? In 1911, when the first pensions were introduced—to be paid at 65—the average life expectancy of a male in the United Kingdom was 66. He made the point that some people today still die before the age of 65. Back in 1911, the vast majority of males died before that age. Life expectancy today is now 87 for the average male. Does he not agree that the changes in the state pension age reflect a huge change in longevity, and that the pension age has actually risen very slowly?

Malcolm Wicks: I am bound to say that life expectancy is not 87. On average, a girl born in the UK will live to 82 and a boy to 77. Obviously, however, once they have survived to the age of 65 many people are likely to live into their 80s, so I understand the broad point being made.

I shall conclude later by talking about a sensitivity that we could introduce into the system that might meet some of those problems, although the Minister has so far resisted it. However, now I want to refer to the association between social class and location, which various colleagues are interested in and knowledgeable about. This is not just about the broad difference between living in Kensington and living in parts of Glasgow; even within many of our big cities there are huge class differences in mortality. Across Sheffield, for example, there is a difference in life expectancy of more than 14 years between different parts of the city, and even in Kensington and Chelsea—the borough with the highest life expectancy—there is a difference of eight years between the most and the least deprived wards—which, for those of us who know Kensington, is not so surprising. Those differences and unfairnesses are reflected in terms of where people live in our cities.

Before I mention the idea that I have been trying to persuade the Minister to accept, I want to apply some pressure elsewhere: where will the jobs come from? We are living through a period of rising unemployment, and many people, including graduates with good degrees, in their 20s, 30s and 40s, cannot get jobs. Are we confident that if we make these accelerated changes—as the Minister knows, the acceleration is the difference between what the Labour Government did and what the coalition Government are doing—the work will be available?

Now 39% of 62-year-old men and 52% of 64-year-old men are not working, which means that huge proportions of men approaching what is meant to be their retirement are effectively retired from the labour market already. Furthermore, 36% of 58-year-old women are not working. I fear that we will be extending a kind of benefit twilight zone, in which people who are ineligible for their state pension—because we are raising the pension age—will jog along on incapacity or other benefits, with no one in the jobcentre pretending that those folks will get work—even the Minister will not be able to pretend that they will—and a huge army of people living in a state of desperation in that twilight zone.

Jim Shannon (Strangford) (DUP): I am sure that the right hon. Gentleman will share our concerns about last week's unemployment figures, which showed an increase

[Jim Shannon]

among young people and women. Is there not a concern that unemployment levels for women are rising, and does that concern not need to be expressed tonight in the House?

Malcolm Wicks: That is the concern. Ironically, we are having this debate while the spectre of mass unemployment—as Liberals will remember, William Beveridge called it the giant evil of idleness—rears its ugly head, yet we are accelerating the increase in the age at which people will get their retirement pension.

Hywel Williams: The geographical variation is extremely gross if one adds in people who are economically inactive. The proportion of people who are economically inactive varies from place to place. Merthyr Tydfil is an obvious example in Wales. Last time I looked, the constituency of Witney had three economically inactive people searching for each job, while in the Rhondda that number was 154. That is a gross variation, and is not something to be disregarded.

6 pm

Malcolm Wicks: That is an extraordinary variation, and one of the implications is that in order to make good policy and ensure good practice in pensions and other areas, we in this Parliament—including those on the Government Benches—need to have some understanding of how people work, and not just think of our own circumstances.

Sammy Wilson (East Antrim) (DUP): The right hon. Gentleman is making a powerful point given the current economic circumstances, but we do not know what the employment circumstances will be in 2016 or 2020. Does he agree that the more essential point is that because people see investing in their pensions as a long-term decision, it is the short-term way in which these changes are being introduced that is creating all the unfairness? People had certain expectations and had made contributions, but the benefit from those contributions is now being denied them.

Malcolm Wicks: Yes, hence my introduction, when I argued that pensions policy in this country has always been at its best when it goes with the grain of how people live and makes long-term decisions that individuals can plan around. It is the acceleration of the process that we are now discussing. It is extraordinary that, having taken so much money out of the pensions system, the Conservatives—and, I suppose I have to say, the Liberals—now want credit for putting some of it back. That is a bit of Tory arithmetic that I am not terribly impressed by.

Harriett Baldwin: Does the right hon. Gentleman not welcome, as I do, the additional £25 billion going into the triple lock of the state pension, which, as of today, will protect pensioners from the rise in inflation?

Malcolm Wicks: That issue—how the shift from the retail prices index to the consumer prices index will affect the real value of pensions in future—is a subject for another day, although colleagues might want to touch on it today. My guess is that that shift, which seems quite dry and technical, will become the big pensions swindle of the 21st century. I am therefore not quite as impressed by the triple lock as the loyalist hon. Lady is.

Harriett Baldwin *rose—*

Malcolm Wicks: However, I will give her another chance.

Harriett Baldwin: Does the right hon. Gentleman not acknowledge that whereas his proposal was to uprate the state pension in line with average earnings, which would mean an increase of 1.8%, the triple lock chooses the best of the three? That is an incredibly important reinforcement of our state pension.

Malcolm Wicks: Yes, but I hope that the hon. Lady will consider my point about CPI and RPI, because we are talking about billions of pounds that could be lost to British pensioners when that change is implemented over coming decades.

Let me reach my conclusion. We suffer from over-generalisations in this field. I am fed up with macho commentators, often from the political, professional and business class, who somehow assume that everyone will live to a ripe old age and that those in their 60s will have portfolios full of all sorts of opportunities—a directorship here, writing a book or doing a television programme there. Many people, not least those on the Government Benches, talk about a world of that kind—I do not want to get the hon. Lady over-excited: she has had many chances to respond, but she knows who I am talking about. Given the typical life cycles for the late 20th and early 21st centuries, more and more of our children and grandchildren will effectively not get started in their careers until their early 20s or even their mid-20s. With the rise of university education, the pattern of many people's working lives will be like that.

However, that pattern is not at all typical of everyone in our society. When we recall the question that the hon. Member for South Basildon and East Thurrock (Stephen Metcalfe) asked about the mortality of those people, let us remember that there are still many working people coming up to retirement who started their working lives as 15 or 16-year-olds. They are the packers, the cleaners, the van drivers, the heavy manual workers and the care workers. By the time they reach retirement they are worn out. They are physically knackered, if I am allowed to use those words. They are tired, they are exhausted and what they need, in an old-fashioned sense, is a rest. They need to retire. They are not people like the hon. Gentleman, who I suspect will still be sprightly in his late 60s and 70s, with his portfolios and all the rest of it; they are physically worn out. They have been working since they were children, and they need a rest.

Stephen Metcalfe: I am grateful to the right hon. Gentleman for giving way. He is making a powerful argument and some interesting points, but they relate to increasing the state pension age, full stop. This is not an argument about the escalation of that process; it is an argument about whether we should change the age at which people can claim their state pensions, which is separate from the debate that we are currently having.

Malcolm Wicks: My argument is that it is wrong to treat someone who starts work at 15 or 16 equally to someone who starts their first proper job at 21 or, with post-graduate qualifications, 23, 24 or 25. People who start earlier have often been in the labour market doing tough manual work—tougher work than any of us have ever done—for 10 more years than the likes of us. My argument is that we should reconstitute our national insurance system to recognise the contributions that they have made, so that anyone in work for, say, 49 years and paying contributions throughout that time should at the very least be able to take not an early pension, but a pension at a more reasonable age. If that brings about a difference between when they take their pension and when their grandchildren who went to university take theirs, that would be fair.

If we do not start to understand some of these social, employment and class sensitivities as we helter-skelter towards higher state pension ages, we will make mistakes and, with great unfairness and injustice, and leave people behind. Many of those people will never get their pensions, because they will be dead before they qualify for them. That is not a sign of a decent British pensions system that understands how our society is evolving.

Pat Glass (North West Durham) (Lab): I rise to speak on behalf of the hundreds and possibly thousands of women who have contacted me on this matter. I also speak as a woman who is directly and personally affected by the Government's changes, so I am in a position to tell the Government what is happening to women of a certain age when it comes to pensions.

The women who have contacted me have told me that they expected changes in the pension age. They know that we are all living longer—or rather, that some of us are—that we need to plan for our retirement better and over a longer period, that we need to pay more for our pensions and that there needs to be some equalisation between when men and women access their pensions. They understand and recognise all that. However, it is the speed at which the changes are being implemented that is causing anxiety and fear among women who no longer have time to plan and save for their future.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): I absolutely agree with my hon. Friend. I, too, have been contacted by hundreds of concerned women in my constituency. Although we acknowledge the Government's concessions, which they probably made because of the pressure that those women have put on them, they will not meet everybody's needs. Hundreds of my constituents will still be up to £11,000 worse off, with not enough time to plan for a reasonable pension in their old age.

Pat Glass: I absolutely agree. This is just one more Government policy, on top of others that directly affect women and young people more than any other group, that will impoverish women. Whatever last-minute fixes the Government come up with, it remains wrong to penalise disproportionately women who happen to be between the ages of 56 and 58, many of whom have worked all their working lives. Many of them will have held several jobs in order to keep their families. They have paid their taxes and their bills, and, quite frankly, they deserve better than this.

Ian Paisley (North Antrim) (DUP): Does the hon. Lady accept that the pension is one of the few certainties in life and that it is now being ditched for women of a certain age, as she aptly puts it? Those women have planned meticulously for when their retirement will begin and what they will use their pension for. They have planned how it will be broken down into housekeeping and into meeting the needs of their grandchildren, for example, but that is all being thrown askew by these proposals.

Pat Glass: Absolutely. This is causing not just anxiety but fear among those women, many of whom have been barred, until recently, from private company pension schemes because they were having to work in several part-time jobs with very low incomes in order to keep their families. They are now being let down by a Government who are simply not giving them sufficient time, which is all that they are asking for, to plan for the change.

Dr Whiteford: Given what we have heard from the right hon. Member for Croydon North (Malcolm Wicks) about the failure of people's health to keep up with the increase in longevity, does the hon. Lady agree that many of those women will not be in the best of health and will be having to look for jobs at a time when their health might be compromised and they are not nearly as fit as they used to be?

Pat Glass: I absolutely agree.

The Chancellor has told us that he will not balance the books on the backs of the poor abroad, so why is he prepared to balance the books to a disproportionate degree on the backs of 500,000 women who just happen to have been born between 6 October 1953 and 5 March 1955? Why is it okay to do that to those women? The Government need to listen to the women of this country and accept Labour's amendment so that no woman will have to wait more than an extra 12 months to reach their state pension age.

Richard Graham: I am delighted to be called to speak in the debate. I welcome amendments 13 and 14, which show that the Government have listened to their people, and I congratulate the Secretary of State and the Pensions Minister on successfully providing some relief to women in their 50s in my constituency. I pay tribute to all those from Gloucester who came to see me about this issue, led by Patsy Toleman, and to those who were encouraged by the campaign led by Age UK to write to me about it.

Like others on both sides of the coalition Government, I have been very active in writing to and making the case personally to the Secretary of State and the Chancellor, and I am sorry that the Opposition have been less than generous in their recognition of the value of capping at 18 months the increase in the wait for their pension for 250,000 women. They should perhaps be reminded that Age UK has said that

> "we can't emphasise enough the great achievement that this change represents as it will cost the Government £1 billion in lost cuts to expenditure."

Fiona O'Donnell: Will the hon. Gentleman give way?

Richard Graham: I will be more generous than the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East (Gregg McClymont) was earlier; I will give way.

Fiona O'Donnell: I thank the hon. Gentleman for his generosity. He might find us ungenerous, but I wonder how many of those women who came to see him have been in touch over the past few days to tell him that the Government have gone far enough.

Richard Graham: I have not heard specifically from any of those who originally lobbied me on this issue. No doubt they will be hearing this debate, and I think that they will recognise, as all Members should do, that the Government cannot simply brush aside the issue of expenditure as those on the Opposition Front Bench did when they were in government. The interest that all our families are having to pay on the mountain of national debt built up by the hon. Lady's party over the past 13 years means that an amount greater than the entire education budget is being spent on debt interest alone. That affects every woman in her constituency and in mine.

6.15 pm

I welcome the statement by the Pensions Minister that he intends to end the uncertainty for women who are waiting to learn what their state pension age will be, and that he will be communicating with those who are affected so that they can properly plan for their future. As the right hon. Member for Croydon North (Malcolm Wicks) said earlier, uncertainty about planning is an issue, and I am glad that the Minister will be addressing it. He will no doubt say something about that later.

I also welcome other aspects of today's announcements, particularly the move to simplify the single-tier pension system, which will significantly benefit women who have had to take time out of the labour market because of their caring responsibilities, as many hon. Members, including the hon. Member for Aberdeen South (Dame Anne Begg), have pointed out. I should be grateful if the Pensions Minister could also say something about that.

Sammy Wilson: The hon. Gentleman has rightly said that the Government have listened to the case that has been made, that they have made additional money available and that they will give people some notice of the changes in the pension age. Does he accept, however, that for many people who are carers, for example, or who are in part-time work or in and out of work for other reasons, the time horizon that is now being made available to them will not give them much chance to plan for their retirement?

Richard Graham: In a perfect world, everyone would have liked the changes to have gone further, but I believe that capping the additional waiting period at 18 months represents a significant step forward in providing time for preparation. We are not, alas, living in a perfect world—

Pat Glass: Will the hon. Gentleman give way?

Richard Graham: I should like to finish answering the previous intervention before I take the next one.

I am sure that the hon. Member for East Antrim (Sammy Wilson) would agree that tonight is all about a welcome change for all of us.

Pat Glass: I am grateful to the hon. Gentleman for giving way. We have heard several Members on the Government Benches talk about a perfect world, but does he accept that we did not have a perfect world in 1909, when the first pensions legislation was discussed, and that we certainly did not have one in 1945? Other Governments nevertheless saw that it was right not to take this kind of action, despite the very difficult financial circumstances in which they found themselves.

Richard Graham: I do not believe that that analogy is relevant. As I pointed out earlier to the right hon. Member for Croydon North, any analogy that stretches to compare today's announcements with those in the original pensions legislation in 1911 is inaccurate, because it leaves aside the critical factor that life expectancy back then was hugely different from what it is now. In fact, the vast majority of people then did not live long enough to collect their pension, whereas today people will be living for 40, or possibly 50, years beyond their pension age—*[Interruption.]* The hon. Member for West Ham (Lyn Brown) is chuntering away, but the reality is that there are people in the public service who are drawing their pension in their 40s or early 50s, and it is not inconceivable that they will live for another 40 years.

Lyn Brown: Will the hon. Gentleman give way?

Richard Graham: I will not give way on that point.

The arguments of the Opposition, who tabled amendments 1 to 7, have been extremely disappointing. My constituents will have heard three main points from the Opposition Front Bench. First, the Opposition have opposed the changes made by the Government on the basis that they do not go far enough. Secondly, the Opposition have strongly intimated that if elected in 2015, they would not implement the changes that they recommend tonight, which reeks strongly of hypocrisy. Thirdly, they have made it clear that they are not concerned about the additional £11 billion costs of their proposals, as they could be dealt with in the future and, therefore, should not affect our debate today. That is an entirely irresponsible attitude, which is entirely in keeping with the words of the former Chief Secretary to the Treasury when he announced that he was sorry there was no money left. It is very disappointing that the same philosophy is still strongly in evidence from the Opposition Front-Bench team.

Brandon Lewis: I was in the Chamber when the shadow Minister commented on £1 billion a year being only one thousandth of the debt, thus implying that it was a small amount of money. If we are talking about people being in touch with reality, surely my hon. Friend would agree that people outside this place will wonder about the economic credibility of an Opposition party that says £1 billion is not a lot of money.

Richard Graham: My hon. Friend is absolutely correct. As an American economist once said, "A billion here, a billion there, and sooner or later you have a large sum of money". It is disappointing to hear such an irresponsible approach to spending and to the interest being paid by everybody in this country on our vast mountain of national debt.

Let me conclude. Tonight, I shall vote in favour of amendments 13 and 14. I recognise the significant achievement, to which Age UK has paid tribute, represented by the welcome changes that will benefit large numbers of women across the country. I pay tribute again to those women in my constituency who lobbied me on the issue, for whom I fought a long and quiet campaign with Ministers. I shall not vote for amendments 1 to 7, and I greatly regret the fact that the Opposition continue to table motions that they would not implement were they in power.

Dame Anne Begg: The Government's amendments are an admission that they realise, at long last, that they got it very wrong about the acceleration of the new state pension age for women. On Second Reading and in Committee, there was always a promise that the Government would come up with some sort of transitional arrangements for the group of 500,000 women who will have to wait more than a year, and particularly for the group of 33,000 women who will have to wait for two years before qualifying for the state pension. However,all they have done is to shift the timetable six months later. Why cannot they go the whole hog and take the anomaly out of the system altogether? If they were to do as the Opposition ask and delay all the increases to the age of 66 until after 2020, once the initial transition is over for women between 60 and 65, there would be no anomaly that would require transitional or any special arrangements at all. There would then be no unfairness specifically to women—it is, of course, only women who have been affected by the changes—and that would also answer the question posed by my hon. Friend the Member for Cumbernauld, Kilsyth and Kirkintilloch East (Gregg McClymont) about the lack of time available for the group of women affected to prepare for the new pension age.

If the Government have recognised that issue, it is a shame that they could not go further. I suspect it is probably because the Minister, to whom I pay tribute, has found that getting anything out of the Treasury is like getting blood out of a stone. I recognise that getting just over £1 billion is a huge achievement, but in the overall scheme of things, and given the effects of the change, it would have been better—it would have been better if acceleration had not been proposed in the first place—if the problems had been properly recognised.

Before Government Members applaud themselves and welcome the change too much, perhaps we should think about the enormous campaign that was waged against the proposals. Would that campaign have existed if the Government had proposed at the outset what they propose now? In other words, when all this started, if it had been proposed that there would be an acceleration of the women's state pension age up to 66 before 2020 so that 300,000 women would have to wait 18 months longer—on top of the delay they were already facing because of the timetable already set—would there have been the same outcry and the same campaign? I think that the answer to that question is unequivocally yes.

Just because the Government have made something bad slightly less worse, it does not mean that what is being proposed is not particularly bad. Someone who, after an accident, is told by a surgeon that they will lose both their legs, and who finds out after they come out of the anaesthetic that they have lost only one might feel a degree of elation that this was better than they had expected. However, someone going into an operation expecting to lose a leg who does lose one would still feel disappointed. In other words, the amendments that we are being asked to vote on still do not amount to a good deal for the group of women concerned.

Richard Graham: I simply want to observe that if any of us went into an operation expecting to lose both legs and a doctor managed to save one of them, surely we would feel that the doctor had done rather a good job. The analogy with the Minister's announcement this evening is not irrelevant.

Dame Anne Begg: The hon. Gentleman has just made my point for me. Yes, we would feel a lot better, but if we had gone into the operation not expecting to lose either leg, but discovered afterwards that we had lost one, we would be absolutely devastated. The result would appear to be the same, but the emotional trauma caused in the meantime is quite different. That is exactly the position faced by these women.

The women we are talking about are not rich; they are not people for whom a billion pounds here or there amounts to pennies or not much money. These are women who have made the financial calculation that they will be able to get their state pension at a particular age. Some of them are still making the calculation that they will get the state pension at 60. I received an e-mail today from someone who could not understand why her pension age had gone up by 30 months. It is because she had not taken into account the original equalisation. That is no fault of the Government, but it illustrates the fact that people need a lot of time to prepare for the change, and even if they have had the time, they are not always prepared for it.

For the group of women who had not realised that the state pension age was going up to 65, it is a double whammy to discover that it is now going up to 66 and that they must face waiting that extra time, perhaps with no income at all. Many of these women will be in that position, even if they have taken early retirement for one reason or another. We know that by the age of 65, only about 40% of women are still in work; they might have fallen out of work for various reasons. Those women will have been depending on getting not just the basic state pension, but probably pension credit and all the other passported benefits that were mentioned earlier. For these women, there is a big hole in their financial planning. We have heard much about the Government's debt meaning that they cannot possibly afford to do right by the group of women concerned, but the effect will be on those women's personal debt. They will have to borrow money or in many cases live in pretty dire circumstances if they do not get the pension when they were expecting to get it.

Lyn Brown: Does my hon. Friend agree that these women will have to use any small amounts of capital they have to tide them over until their pension kicks in, possibly making them more reliant on state aid once they reach retirement?

Dame Anne Begg: Indeed, and there will be many such examples.

Women who hoped that their campaign would move the Government feel very disappointed. It is true that those in one group may have to wait for 18 months

[Dame Anne Begg]

rather than two years, but they are still extremely disappointed at the Government's failure to recognise that what they propose will have a disproportionate effect on a number of women who no longer have time to plan adequately for the future.

6.30 pm

Sarah Newton (Truro and Falmouth) (Con): The hon. Lady is being very generous in giving way.

Age UK led the campaign that generated so much awareness of the issue among women and prompted them to raise their concerns, rightly, with their Members of Parliament. Age UK has welcomed what the Government have done, and has acknowledged that 90% of women will now work for only one extra year. I know that the fact that 10% may have to work for an extra 18 months is a challenge for them, but this is a solution for that 90%, and campaigners have welcomed it.

Dame Anne Begg: It is not a solution for the 90%, because they will still have to work for an extra year, on top of the extra years for which they were already having to wait for their state pensions. I believe that Age UK made that comment at the time of the Government's announcement. Of course all Members agree that the position is better than it was before, but it is still not good enough. If my inbox is anything to go by, women who thought that their problems would be solved when they first heard the announcement have now made their calculations and discovered that for a large number the goalposts have not been moved at all, and that they have been moved by only a small amount for others.

In my view, it is a pity that the Government ever went down this route. They could have begun the accelerated rise in the pension age to 66 after the completion of the equalisation, between 2020 and 2022, rather than in the period before 2020. Obviously some wonk at the Treasury thought "What a good idea this is—it will save billions of pounds", without recognising the anomaly that it would create and the difficulty that it would cause for this group of women. If Conservative Members want to know why their stock among women is falling rapidly, I will tell them. The fact that the Tories do not understand that decisions such as this suggest that they imagine women can somehow cope with reductions in their income has made women realise that many of them simply do not understand their lives or appreciate their problems.

The Government's proposal may be better than what was in the original Bill, but if we vote for it tonight our decision will be final, because that will then be the timetable for the acceleration of women's pension age to 66. Labour Members believe that certainty is necessary when it comes to pensions and that we must allow people to plan in advance, but whoever wins the next election, the last thing that any Government will be in a position to do is start fiddling with the system. What is fundamental to our argument is that a group of women have had no chance to plan, and I see no way in which any Government will be able to deal with that.

Harriett Baldwin: Is the Chair of the Select Committee confirming that a pledge to reverse the position, in line with the amendment, will not feature in the next Labour manifesto?

Dame Anne Begg: I may be Chair of the Select Committee, but I am afraid that I have no direct say in what should be in a Labour or any other manifesto. However, common sense tells us that whoever is in power after the next election—the Liberal Democrats might have a majority then, and might want to reverse the arrangement—voting against the amendment tonight will remove any chance of our ever finding a solution for this group of women. Events will have moved on, the timetable will have been set, and the pension age will have already changed by the time of the next election. That is what I mean about the lack of time in which to plan.

I hope that Members will accept that it is wrong that this anomaly has been created. I hope that those who have listened to the women in their constituencies will do the right thing tonight, and will vote for the Opposition amendment. That is what I shall be doing.

Fiona O'Donnell: I am genuinely grateful for the opportunity to support the amendment to which my hon. Friend the Member for Cumbernauld, Kilsyth and Kirkintilloch East (Gregg McClymont) spoke so eloquently. I welcome him to the Dispatch Box.

Many women in my constituency have contacted me about this issue, and none of those who have contacted me over the weekend, yesterday or today have expressed the view that the Government have gone far enough; they all support the amendment. I found it almost stomach-turning to hear the hon. Member for Cardiff Central (Jenny Willott) congratulate herself on winning this concession from the Government. I do not think that even Labour Members should take credit for the achievement—lacking though it is in ambition—and I certainly do not think that the Liberal Democrats should do so. I wish that some of the honourable and good Liberal Democrat members of the Bill Committee mentioned by my right hon. Friend the Member for Croydon North (Malcolm Wicks) had had the guts and the principle to propose similar amendments when they had the opportunity. This feels a bit like Groundhog Day: it is the Health and Social Care Bill all over again.

Credit for the victory, such as it is, lies with all the women who have written to us, e-mailed us, telephoned us, and come to the House to make their case. They have said, "We will not sit back and let the Government do this to us." Every evening as I leave this place, I see a touching reminder in the poster in the tube station showing those women, although I must confess that at first I considered it rather strange that there was also a man in the photograph, and wondered what that could be about. The fact is that this change will have an impact not just on the women concerned, but on the families for whom they have made plans. In the light of the rising cost of child care, they have asked themselves, "When can I help my sons and daughters to make better lives for themselves and their families?" I have to say that I think my sons and my daughter have similar plans for me, which I intend to resist for as long as possible.

The Government, particularly the Liberal Democrats, have not just broken their promise to women; they have broken their promise to their families as well. What an appalling lack of ambition from a Government! They have repeatedly called on Labour Members to say how we would pay for our proposals, so let me give them a couple of examples. Through the future jobs fund, they could take a million young people off the dole queue so that they were back at work and contributing to the system. They could scrap their top-down reorganisation of the NHS. They could ask the Secretary of State for Communities and Local Government whether he has any money left in the pocket where he found the bin money. This is not about arithmetic; it is about political will. It is about the Government saying, "We believe that this is something worth doing, and it is something to which we will commit ourselves."

Steve Webb: Will the hon. Lady give way?

Fiona O'Donnell: I will gladly give way to the Minister.

Steve Webb: I am very grateful. We let a lot of things past, but will the hon. Lady clarify one point? She mentioned—I think I quote her accurately—getting a million young people back to work through the future jobs fund. Can she tell the House how many permanent jobs young people actually got when Labour ran the future jobs fund?

Fiona O'Donnell *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. I think the hon. Lady knows—and the Minister certainly does—that the debate has nothing to do with the future jobs fund.

Fiona O'Donnell: Perhaps we can have that conversation another time. The point is that the Government do not have the political will to do something about this. In opening for the Opposition, my hon. Friend the Member for Cumbernauld, Kilsyth and Kirkintilloch East mentioned that it is not just the Prime Minister of this Government who does not "get" women; the whole team do not "get" women.

At Prime Minister's questions two weeks ago, I watched the Prime Minister's Parliamentary Private Secretary gathering—almost dragging—women from their seats in order to create a female halo around the Prime Minister. He and his Government need to understand that the reason he is turning women off has nothing to do with stage management or presentation. The reason is the policies—such as the one we are discussing—which are adversely and unfairly impacting on women. I urge Liberal Democrat Members in particular, who have at times pushed the Government on this issue, to go the whole hog tonight and back the amendment.

When a Government consider an inequality impact assessment, that is not political correctness gone mad—it is not just something the previous Labour Government left for the current Government. Rather, it is about good government and good decision making, so that when a Government make a decision, they are in full possession of the facts about how that decision will impact on people.

Gordon Birtwistle (Burnley) (LD): I would have some sympathy for the hon. Lady's cause if she could explain where we might find the money to fund what she wants. *[Interruption.]* This is not about the future jobs fund. Will the hon. Lady tell us where the Labour party would find the cash?

Fiona O'Donnell: The hon. Gentleman should be extremely grateful to me for giving way, as he has not had the courtesy to be present for the entire debate. The fact is that when this Government want to find money, they can do so.

This decision betrays an appalling lack of ambition. I understand that the Government are not doing well in growing the economy, and they are probably a little disappointed in themselves—as, indeed, others are disappointed in them. Perhaps they have little faith in this country's ability to recover and come out of the recession, with people back in work and contributing to the state. However, none of that serves to explain why this group of 500,000 women have to pay the price. Why do they have to pay for the Government's plan to reduce debt?

For every one of those 500,000 women who will work for longer—300,000 of them for the full 18 months—there is a real story, such as that of a woman who works in the care service and who wrote to me. If she had known a few years ago that she was going to have to work extra time, she would have got out of the care sector while she could. She thinks she can struggle on until her retirement age as it stands now, but given the physical demands of her job, she does not think she can do another 18 months of lifting and handling.

Unfortunately, the hon. Member for Gloucester (Richard Graham) has left the Chamber. He talked about women retiring at 40 and 50 and living another 60 years of retirement. He is not talking about the women we are talking about. The women who need this money most are the women this Government are hurting most.

I urge Members to consider fairness, and to consider giving these women a fair chance. This is our one opportunity to stand up for those 500,000 women—the women who have been contacting us, appealing for justice. I hope we will all do the right thing tonight.

Several hon. Members *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. A number of Members still want to speak, and the Minister also has to respond to the debate. I intend to call him at about 7.20 pm, and I ask Members to be brief so that everybody can contribute.

6.45 pm

Kate Green: As so much that I agree with and endorse has been said, I am sure I can be very brief.

That we have had any concessions at all from the Government today is a tribute to the many women who have contacted Members on both sides of the House. We are disappointed, however, as this is a half-baked measure. It is half-baked in two respects. It is half-baked as it deals with only part of the problem and only some of the women who are adversely affected, when, as my hon. Friend the Member for Aberdeen South (Dame Anne Begg) said, we had an opportunity to solve this problem and move forward. It is also half-baked because it does not offer a holistic response to the situation these women face. Rather, it addresses only the question of when we might grudgingly start to hand them their state pension, and it does not deal at all with the other elements of public policy that will be needed to support those women if they are not going to be eligible for a state pension until later.

[Kate Green]

Especially as we know that women's private pension pots are significantly lower than men's, it is regrettable that we are seeking to delay their access to the state pension before the new auto-enrolment in the National Employment Savings Trust has been in place for long enough for them to have had the opportunity to begin to build up a private pension pot. If these women are expected to remain in the workplace for longer, it is regrettable that there are no signs that the Government's Work programme will be adapted to be better suited to helping older women find, or remain in, jobs. No thought has been given to how the Work programme will support those women.

I would be grateful if the Minister said what assessment has been made of the other financial benefits these women may have to rely on if they are not able to find paid work at the ages of 64, 65 or 66, and whether the cost the Government are talking about includes the additional level of those benefits. That is a particular concern because if women are using up their savings, they may have to draw further on the state when they reach retirement.

Other colleagues have pointed out that many older women provide child care for their children's children. Will those children in future have to access paid-for child care that the Government will in due course be subsidising through the tax credit or universal credit?

Also, what is the health strategy in relation to the health needs of these women? We know that women in their 60s are more likely than men to suffer from functional disabilities. Some 40% of women at age 60 have limitations in activities of daily living, and 20% have severe limitations. I have not heard that the Minister has given any thought to that, or had any discussions with colleagues in the Department of Health to ensure that we are also securing better health for those women if we expect them to remain in paid work for longer.

The key additional points I wanted to make were about the absence of a holistic response from the Government. They have hastily introduced a half-baked measure—and a fairly vicious measure for the many hundreds of thousands of women who are still being put in a situation in which their retirement is substantially delayed without their having the resources to carry themselves through to that point. I urge the Minister to think again.

Lilian Greenwood: The Minister may feel that he has heard my speech before, as we discussed his Government's plans to accelerate the rise in state pension age at some length in Committee. However, as he did not fully address the points I made then, I make no apology for making them again.

My constituent, Lorraine Smedley, e-mailed me on Friday asking if anything can be done even at this late stage. The answer must be yes. The Minister can still change his mind; he can accept our amendment that would ensure that no one would wait more than an extra 12 months to receive their pension. Also, if he chooses not to listen, Members on the Government Benches can still decide to join the Opposition in the Lobby tonight. I hope they will do so, although the contributions we have heard so far suggest that they will not.

Members who were not fortunate enough to serve on the Bill Committee will not know about my constituent Lorraine, so let me explain why she is so angry about the Government's plans. Lorraine worked for the national health service for many years, but, having put aside some savings, she decided to take a part-time job as she moved towards her expected retirement date. She had worked out that she could supplement her part-time wage until her retirement. She told me:

> "I thought I was close enough to my retirement age to know where I stood."

Even with the Government's welcome concession, Lorraine is still being asked to work for an extra 15 months, and she says she does not know what to do. Working those extra 15 months before she receives her state pension is not a prospect she relishes. Her job as a community care assistant is demanding, both physically and emotionally, and she is not sure that she will be able to continue; and with the cuts in public service spending and public sector jobs, she may not have a job anyway. The prospect of claiming benefits is anathema to Lorraine. She was determined to pay her own way her whole life, and having left school at 16 and paid into the state pension pot all those years she feels that she should not have to rely on benefits now.

Lorraine's case highlights the two reasons why the Government's proposals are unfair. First, they do not give women adequate notice of the change. The Minister has sprung these changes on women in their late 50s without giving them a realistic time scale in which to make preparations for the loss of pension payments that they have earned and expected over many years. In 1995, the then Government legislated for the equalisation of state pension ages. Women who were expecting to retire at 60 learned that they would have to wait until they were 65 to do so. They may not have liked it but they had many, many years to adjust. Yet that same group—those same women—who knew that they would have to work or wait for an extra five years for their pension, are now being asked to accept a further rise of more than a year with just five or seven years' notice of the change.

The second reason why the Government have got it wrong is that the changes lead to one group being asked to bear an unfair share of the burden. According to the Department's impact assessment, the proposals in the Bill affect about 5 million people—2.3 million men and 2.6 million women. About 4.5 million people will have their state pension age increased by a year or less, and their position is unaffected by the Minister's last-minute amendment. An estimated 500,000 people, all of them women born between 6 October 1953 and 5 October 1954, will still have their pension age increased by more than a year. Some 300,000 women will experience an increase of exactly 18 months. No man will have to wait more than 12 months extra to receive his pension. How is that fair?

I accept that there has been a significant upward revision in the life expectancy of those reaching 65 over the next decade and that those benefiting from increased longevity should share in the costs. As we live longer, we need to pay more towards our income in retirement and/or work longer. The women like Lorraine who have written to me do not disagree—they understand that they may need to work longer—but they think that they should pay a fair share. The Minister did not explain in Committee so I hope he will explain now how it is fair that those 500,000 women have to pay a bigger share than anyone else, particularly given that we also know that they, as a group, are not well-equipped to bear a greater share of that burden.

As my hon. Friends have set out, these women are less financially secure than men and are much more likely to be reliant on the state pension. If they do have savings for their pension, those are likely to be much less than those of men. These women are likely to have taken time out of the labour market to care for children, thus affecting their contributions record and their salary level. They are likely to have worked part-time and to have been excluded from an occupational pension scheme until the 1990s. The Department's own figures confirm this: the median pension savings of a 56-year-old woman are, as has been said, just £9,100, whereas the equivalent figure for men is £52,800, which is almost 600% higher.

Although, like Lorraine, I welcome the Minister's amendment, it just does not go far enough. Women should not bear an unfair burden, which is why I support the Labour amendments. They would mean that 1.2 million fewer people would have to work longer and would ensure that nobody would be asked to work more than 12 months extra to receive their pension.

Nia Griffith (Llanelli) (Lab): To be perfectly honest, it is disgraceful that the Government are not giving these women enough time to plan their retirement properly and it is clear that the changes that the Government are now proposing do not remedy the situation that they got themselves into with their initial proposals. It is wrong that women who have worked hard—doing all sorts of things, not necessarily paid work—for many years are now being denied their well-deserved pension for an extra 18 months with so little notice.

Nobody is denying the demands of longevity and the fact that we have to think ahead. However, we have to plan ahead properly and in a structured way. That is why in 2008 Labour legislated that the state pension age would become 66 by 2024 to 2026. That time scale was set out to give people 16 to 18 years in which to plan. As hon. Members will recall, the Turner report recommended a minimum of 15 years' notice for any changes in the pension age and that is a very important point to note. Obviously the Government have brought that forward significantly, leaving many women with very little time in which to plan for a delayed retirement. Some 500,000 women will have a delay of up to 18 months before they get their pensions and about 330,000 women will have a delay of a full 18 months. The Government are determined to introduce this change, despite the fact that before the election we were given promises by both the Conservatives and the Liberal Democrats that there would be no change before 2020.

The particular women that we are talking about are the most vulnerable. Those who depend most on the state pension are those who have the lowest incomes, those who have perhaps had the least opportunity to make contributions and those who have worked in the least well-paid jobs. As has been clearly expressed by my hon. Friends, women are far more reliant than men on the state pension because their pension pot is usually very small. Very often they have been limited in the opportunities they have had in this regard. They may have taken years out for child care, limited themselves in order to be able to pick up their children after school or limited themselves by geographical location. Often this group of people are enabling their own sons and daughters to work and have a decent income for their families by providing very valuable child care for the grandchildren. We often refer to these women as the "sandwich generation" because at the same time as they are looking after those grandchildren they are often coping with their own elderly parents.

Of course, these women are often more vulnerable to the cuts. An enormous number of cuts are being made in all sorts of jobs, in not only the public sector, but the private sector. The Government's growth strategy is clearly failing, and often it is not just the lack of public procurements, but the lowering of income levels in the whole of a region or town which is making it harder and harder even for private businesses to flourish. Women are often doing more casual work or are working part-time, and as they are the ones who have often come latest to the jobs they are often the ones facing redundancy. It is often extremely difficult for older women to find new posts, particularly in areas with geographical limitations or not very good bus services, and if they need to be back to collect the grandchildren from school.

A number of these women are widows. My right hon. Friend the Member for Croydon North (Malcolm Wicks) has clearly explained the demographics and set out the number of men in certain groups who die young. Some 19% of men in certain social categories die before the age of 65, many of whom leave widows and they, like other groups, are not best placed to face the difficulties of trying to keep house and home together in difficult financial circumstances. If they do not receive their pension until a certain age, they will be losing not only the state pension, but pension credit and the various concessions and entitlements that are limited to people of state pension age.

If there were a genuine growth strategy, the argument about freeing up jobs would not be valid, because as more jobs are generated people who stay in work longer have more money to spend and so it is easier to create more jobs that younger people can take up. When there is no economic growth and the spiral is downwards, there is more bed-blocking—or job-blocking—whereby older people staying in work makes it more difficult for youngsters to get started.

So although Labour Members welcome the fact that the Government have made something of a concession, we are very disappointed that it is only a half-measure. In fact, it is nothing but window dressing. It is the sort of Christmas present that is wrapping with absolutely nothing inside—an empty cardboard box with some paper round it. The correspondence that I have received indicates to me that my constituents are not fooled by it and are worried that they will still be facing much of the same difficulty as they were with the original proposals.

I shall support the amendments tabled by those on my Front Bench to ensure that we try to give the maximum number of women the maximum amount of benefit that we can, rather than the Government amendments, which are, quite frankly, laughable. They are a disgrace because they do not address the main thrust of the problem and they leave a lot of women with a large gap and very little time in which to work out how to deal with it.

7 pm

Sheila Gilmore: The concession made by the Government is, of course, a welcome one. The fact that we are saying that it is not enough does not mean that it is not welcome, but I do ask why they have taken so long to arrive at this point. On Second Reading, back in June, not a single Government Back Bencher spoke in favour of the Government's proposals on the acceleration in women's pension age. They were clearly unhappy but were prevailed on at the time, it would appear, to vote for Second Reading by being told that some form of transitional arrangement would be forthcoming.

Those of us who were privileged to serve in Committee asked for the transitional arrangements so that we could debate and scrutinise them, which is what a Committee ought to be about, but we were told that they were not ready because they would be very complicated. "By the way," said the Minister, "Where are your transitional proposals? Why have you not come up with any?" As a new Member, I thought that perhaps it was commonplace for the Opposition to be expected to come up with proposals for the Government because they have not thought them up yet—

Steve Webb: They are called amendments.

Sheila Gilmore: We had amendments. We tabled amendments that were not a million miles away from those that we are proposing today, because we felt that, in the circumstances, a proposal to cap the period of time for which women would have to endure this change was the best thing to do. Our amendments were not supported by either Government party in Committee, but we had clearly made proposals that ranked as transitional, because—lo and behold—four days before this final chance to debate the subject in the House, a proposal was made. It is not some complex transitional arrangement that would take civil servants hours, weeks or months to work out but fairly straightforward and involves capping the period of time. In my view, that proposal could have been made in Committee without any difficulty and it could also have been made at any time over the months that have passed since the Committee stage ended in July.

I suspect that one of the main reasons this rabbit has apparently been pulled out of the hat at the last minute is to prevent any great campaign being restarted for further change and to prevent people asking for more. Like Oliver—most of us nowadays, unlike the cruel people in Victorian workhouses, think that Oliver was right to ask for more—the women who have contacted my colleagues and me over the past few days are still asking for more because they feel that the Government's proposals remain unfair. They have alleviated the proposals for one group of women but not for all those who are affected and, in my view, those women are right to ask for more.

The Government have been extremely calculating. By not making their announcement until almost as late as possible while still making it in any way credible, they calculated that they would foreshorten the possibility that their Back Benchers might again be contacted by many of their constituents who would argue that the proposals are still not enough. The fact that they have given the shortest amount of time to this very successful campaign is clearly tactical.

In this debate, we always come back to the money question—it happened repeatedly in Committee and in many interventions on Opposition Members today. We are asked where we will get the money and told to come up with a specific statement about where we will find it. That happens not just as regards this proposal but day in, day out—*[Interruption.]* It is not unreasonable for us to say that we would not start from here. That is not unreasonable because we have a very different view about the choices and the fairness arguments that it is right to make and about how to progress our public finances over the next period.

Another argument that often comes up states that one cannot borrow one's way out of a crisis or out of debt. It seems we cannot cut our way out of a deficit either, or out of more debt, because public borrowing, far from having come down in the past year and a half, is rising. We would not start from here because our entire economic strategy would be different. Our view—as we said a year and a half ago and as it remains—is that to attempt to reduce the deficit within this Parliament was reckless, that it would not be successful and that it would risk higher unemployment and the stagnation of the economy. That is what is happening. If the economy continues to stagnate, tax revenues will fall with fewer people in work and fewer businesses thriving. Falling tax revenues are a big reason why we have a deficit in the first place. This is not simply about Government spending, as is sometimes suggested.

Tax revenues will fall and benefits payments and other outgoings will rise, and those are very important considerations. In saying that we would not start from here, it is perfectly reasonable for us to make it clear that we would not want to be in the position that the Government seem determined to drive us into.

Jim Shannon: Under the Labour proposals for auto-enrolment for pensions, protection was given, but under the coalition Government's proposals the same protection is not given as there are conditions and people fall outside them. Does the hon. Lady think that that is another example of the difference between the two sides? Labour gives the option of protection and the coalition does not.

Sheila Gilmore: That certainly is such an example. If we are to give people the opportunity of saving for their pensions into the future, it is important that we take seriously the proposals for auto-enrolment and NEST and build them up in a way to which everybody should give their full support. Although I am sure that the Government have not officially said that they are not giving them their full support, I was struck as I read an article in *The Sunday Times* a week last Sunday by a suggestion that the Government might be backing off on the speed of the introduction of auto-enrolment. That might have been a piece of kite-flying, as I gather it relates to a piece of work that is being done internally for the Government, which will not be published and which we cannot see, about how to make yet more savings and attempt to grow the economy, but nevertheless that story reached the newspapers. I am sure the Minister will tell us that we have nothing to fear when we reach the relevant part of the debate.

We are constantly asked where we would find the money and, interestingly, despite the comments that Government Members made from a sedentary position a few moments ago, when my hon. Friends the Members for Cumbernauld, Kilsyth and Kirkintilloch East (Gregg McClymont) and for East Lothian (Fiona O'Donnell) made suggestions, they were pooh-poohed.

Brandon Lewis: Does the hon. Lady accept that one reason why people were incredulous about some of the suggestions made earlier is that the £11 billion required by Labour is equivalent to the whole budget for the Department for Environment, Food and Rural Affairs and roughly double that of the Department for Culture, Media and Sport?

Sheila Gilmore: We are talking about a spending period over 10 years, so it is not equivalent to the budget in a given year. Even in those terms, we are always making choices, and I will not accept lessons from a party with many members who are publicly saying that, as quickly as possible, they want to reduce or take away the 50% tax rate. That is something they are keen to do and that is their choice. They can make the case for it, but if they bring that proposal forward, I for one will certainly oppose it. That is another way of deciding how money is going to be spent and how money is going to be collected—and that is only one example.

In an earlier intervention, I mentioned the pension tax relief system, which gives a huge amount of money to people who already have a lot of money. If someone wants to save £100 into their pension pot and they are on 20% tax, in order to get £200 tax relief they have to find £800 from their pocket, but if someone is on 50% tax, they have to find only half the amount they want to save. That is unfair; it is a subsidy to those who already have a lot of income and assets. If at the end of this decade we are finding it difficult to make ends meet and we cannot help the group of women we are talking about, perhaps we should be thinking about that system.

The women who are affected by the measure will be making exactly those comparisons. They know that choices are made in politics and that choices are made by Governments, and they know that it is not impossible for the Government to change their mind on this proposal. They did not campaign for it during the election; indeed one of my hon. Friends has suggested that it was probably drawn up in a great hurry and seemed like a good wheeze at the time, but it puts a particular burden on a group of women many of whom cannot easily afford the changes. I want to emphasise, as several of my colleagues have done, that it should not be assumed that these women have a job and can just go on doing that job, or that they will still be in that job in three, four or five years' time.

Fiona O'Donnell: Does my hon. Friend agree that those 500,000 women will also be asking, "Why us? Why not the banks or the bankers?" Why are they being made to pay? This is not just a question of economics but a question of right and wrong—and this is clearly wrong.

Sheila Gilmore: I could not have put it better myself.

Another question that the Minister has to answer is whether the Government, in looking for the savings they plan to make by going down this road, have put into the mix the additional costs that might arise in relation to some of these women, some of whom will not be able to work and might claim benefits. Some might claim jobseeker's allowance for a period and others might claim employment and support allowance if they are in ill health, although some of them will find that those benefits are cut off very quickly in certain circumstances because of other Government proposals. They will then be thrown back to spending any savings they may have made towards retirement.

A woman in her 50s or early 60s who finds herself in that position may not be able to claim benefit for very long. If she has a partner or has savings of any sort she will not be eligible for the means-tested benefits that come in after six months in the case of JSA and that, under Government proposals, will be lost after a year even for people who are unfit to work and are in a work-related activity group. They will find themselves eating up—literally in some cases—their savings to make it through to their postponed retirement date. Of course, at that stage, those women will no doubt have to claim additional top-ups to help their financial situation. I would like to be satisfied that the Government have taken those costs into account. The women themselves will have to meet extra costs, and so will the Government. The proposal is ill-thought-out and there has been a lot of time to rethink it. Like all the women who have been campaigning on this, I am extremely disappointed that the Government are not prepared to support our amendment tonight.

7.15 pm

Yasmin Qureshi (Bolton South East) (Lab): This is an incredibly important stage of the Bill, about which I have received hundreds of e-mails. I am sure that Members of the House from across the political divide have received e-mails specifically concerning women aged 58 and 56. We have had a number of discussions about this matter, including a Westminster Hall debate at which the Minister was present.

I know that I may sound very boring if I repeat again the concerns of those women and of Opposition Members about why this particular provision should not go through. Everyone accepts that the state pension age needs to rise in order to pay for a more generous basic state pension. This principle underpinned Labour's Pensions Act 2007, which continued the 1995 timetable for equalising women's state pension age with men's by increasing it to 65 by 2020, and then legislated to increase both SPAs to 66 by 2027, to 67 by 2036 and to 68 by 2046. That was agreed and there was cross-party consensus on that.

The coalition agreement stated:

> "The parties agree to....hold a review to set the date at which the state pension age starts to rise to 66, although it will not be sooner than 2016 for man and 2020 for women."

However, the Bill proposes an acceleration in the equalisation for women by 2018 and increases both men's and women's state pension age to 66 by 2020. This will hit women aged between 56 and 58 particularly hard, as they will have very little time to prepare or amend their existing plans. As has been pointed out by my colleagues countless times, those women have worked very hard in their lives but often for not very high pay, so they will not be getting very generous pensions in any event, yet they are going to be hit even harder.

The proposal will affect 4.9 million people—2.6 million women and 2.3 million men. Some 500,000 women born between 6 October 1953 and 5 March 1955 will have their state pension age delayed by more than

[Yasmin Qureshi]

a year, and 300,000 women born between 6 December 1953 and 5 April 1954 will have theirs delayed by 18 months exactly. For the 300,000 women facing an 18-month delay, the loss of income will be around £7,500; for those in receipt of pension credit, the figure will be closer to £11,000. That sudden and dramatic change in women's expectations regarding their state pension age and retirement income comes with just five to seven years' notice, which simply is not long enough for them to make adequate alternative arrangements in their retirement planning.

Women are already at a disadvantage in terms of pension provision. The median pension saving of a 56-year-old woman is just £9,100, whereas the equivalent figure for men is £52,800—almost 600% higher. It is not fair to speed up the equalisation timetable because it will hurt women disproportionately, especially those aged between 56 and 58. I know that we hear about the financial constraints, but if the Government can find £3 billion for the completely unnecessary reorganisation of the national health service, which nobody wants—we have not heard any practitioners in the medical field say that those provisions are right—are they really saying that they cannot find a bit of money for women who have worked hard for so long in their lives? The proposal is measly penny-pinching. The Government are hurting the people who are already the poorest in our society and hitting them even harder. If money can be found for the wasteful reorganisation of the NHS, I am sure money can be found for the provision to be deleted.

I urge the Minister to reconsider this aspect of the Bill and think about those women, who have worked hard all their lives. He should think for once about ordinary working people who are looking forward to some kind of pension, although they will retire later than they thought they would, and he should give them time to prepare for their pensions.

Steve Webb: It is a pleasure to support Government amendments 13 and 14 and to ask the House to reject amendment 1.

I welcome the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East (Gregg McClymont) to his new role. With due deference to the good people of Kilsyth and Kirkintilloch East, I hope he will forgive me if henceforth I refer to him as the hon. Member for Cumbernauld—I hope they will not take offence at that. As he knows, his predecessor, the hon. Member for Leeds West (Rachel Reeves), to whom he referred in his speech, enjoyed a meteoric rise by shadowing me for 18 months. I hope to do the same for his career.

Before I move on to the amendments, I want to place on record my appreciation of one of the Department's officials, Evelyn Arnold, who has worked for the Department for 36 years. I know that the right hon. Member for East Ham (Stephen Timms) will have enjoyed working alongside her as well. She is stepping down from a legendary career. It is not often that we pay tribute on the record to the officials who make us sound far better informed than we otherwise would, so I would like to do that formally today.

We have heard £1 billion described today as "window dressing", "a bit of money" and "penny pinching". That summarises the difference between opposition and government. It reminds us how we came to find ourselves borrowing £150 billion a year when £11 billion, which is the cost of amendment 1, is regarded as small change and not worth worrying too much about. When pressed about where the £11 billion would come from, the Opposition said, in effect, "We'll find it at some point," but there was no specific answer.

It was revealing that the hon. Member for Edinburgh East (Sheila Gilmore) said, "We keep being asked this question." They keep being asked the question because they keep making unfunded promises. My right hon. Friend the Chancellor pointed out that last week's Opposition amendment cost £20 billion. Today's would cost another £11 billion and, as the man once said, "Soon you're talking about serious money."

The Government amendments are, as the Chair of the Select Committee graciously said, a huge achievement, which is to say that at a time when the public finances are, if anything—because of the global economic situation—under even more pressure than they were at the time of Second Reading back in June, to identify £1 billion is an important sign of the Government's commitment to fairness in pension reform.

Sheila Gilmore: The Minister wants to make a great deal, and some of his supporters made a great deal, of having extracted that sum from the Treasury, but is he not again mistaking the position? He starts talking about the fact that we are apparently in a very difficult situation, worse than a year ago, and then says, "And we've managed to find a billion," but this is a long-term planning issue—it is not about what has happened in the past year.

Steve Webb: I notice that the hon. Lady dismisses the odd billion here or there again as of no great consequence. We have to make these decisions in the context of the real world. That is the difference between government and opposition. The hon. Member for East Lothian (Fiona O'Donnell), who spoke in the debate, said that it would take guts—that was the expression she used—to support an unfunded £11 billion promise, which the Opposition know they will never have to fund and would not implement if in government. That is a very odd definition of "guts".

Susan Elan Jones (Clwyd South) (Lab): Is the Minister suggesting that the coalition agreement, which is fundamentally different from what is proposed in the Bill, was not made in the real world? That is what some of us suspect, but is he confirming it?

Steve Webb: As the hon. Lady knows, the coalition agreement referred to the possibility of raising the state pension age for men from 2016 and for women from 2020. Obviously, what we have done since that coalition agreement was produced is sought expert legal advice. We were advised that delaying the equalisation between men and women would have been illegal under European law. That comes to the heart of one of the questions that has rightly been asked, which is, why do the changes affect women more than men? The reason is that they are two separate changes brought together.

The first is the more rapid equalisation, and the second is the equal treatment of men and women from 65 to 66. The equal treatment of men and women from 65 to 66, not surprisingly, affects men and women equally, so the thing that affects women more is equalisation.

That is what the Pensions Act 1995 does. It leaves men's pension age at 65 and equalises women's pension age, raising it from 60 to 65. Lo and behold, that Bill affected only women, because equalising the pension age so that women get the pension at the same age as men rather than earlier affects women. Not surprisingly, a change that was happening in any case, which we have speeded up and which affects only women, added to a change that affects men and women equally, produces the expected result.

Hywel Williams: The Minister is making a reasonable case, as ever. I am rather more interested in his justification for the acceleration of the change. I hope that he will come to that shortly.

Steve Webb: Let me address that directly. What is striking as soon as one looks at the evidence on longevity is just how far behind the curve we are. When the male state pension age was set at 65, it was not so much a case of Lord Hutton writing reports on pensions as a case of Len Hutton striding out at the Oval. That was the era that we were talking about. In that almost 100 years, there have been incredible increases in life expectancy, yet the male state pension age will still be 65 for another seven years. That shows how far behind the curve we are.

The views of Lord Turner were cited by the hon. Member for Cumbernauld and by others, with some suggestion that we are breaching the Turner consensus. However, Lord Turner has breached the Turner consensus, if I may say so. He said in a news interview a couple of years ago, and the world has moved on even since then:

> "If I was redoing my report I would be more radical, arguing for an even faster increase in the state pension age."

That is exactly what we are doing, in line with the Turner consensus.

Dr Whiteford: Does the Minister accept that although longevity has increased, healthy working life has not kept pace with longevity, and that there is a serious issue, especially for the particular group of women under discussion, many of whom will not be in the best of health in their late 50s and early 60s? That is one of the reasons why shifting the goalposts twice for this group of women is having such a disproportionate impact.

Steve Webb: The issue of health is certainly important. Almost all the figures that have been quoted through the debate assume that the women whose pension age is being delayed will have no money. If, as the hon. Lady rightly says, they are unable to work because of ill health and the household has no other resources, they will get a significant amount of that money through employment and support allowance and other benefits.

Clearly, there are differences between individual groups and, as the hon. Lady and the hon. Member for Arfon (Hywel Williams) pointed out, between different parts of the country, but if we look at England, Wales and Scotland, for example, in terms of life expectancy at 65, in England for men since 1981 life expectancy has increased by seven years. In Wales for men it has increased by seven years, and in Scotland for men it has increased by seven years. For women, each of those figures is six years, respectively. So although there are differences, there have been substantial increases across the board.

Yes, there is big variation. I accept that point, but there have been increases across the board and we cannot say that because they have not happened for every individual in every part of the country and in every social group, we will do nothing. That is what got us into the present mess in the first place.

Kate Green: I note that the Minister acknowledges that for some women with no other source of income, instead of receiving their state pension they may for a time continue to receive out-of-work benefits. Can he address two points in relation to that? First, what do the Government estimate will be the cost of those women receiving such benefits for an extended period? Secondly, does he not understand that for women who are at that age and stage in their life, being expected to claim something called jobseeker's allowance is a tremendous insult or a tremendous concern because they know that they are not genuinely jobseekers? The labour market does not want or need them.

Steve Webb: On the hon. Lady's first point, we have of course taken account of the fact that there will be some women, and indeed some men, for whom the changes mean that instead of receiving a retirement pension, they receive jobseeker's allowance, employment and support allowance or another benefit. To give her an order of magnitude on that, without making allowance for that, the Bill would have saved around £33 billion. Taking account of that, we estimate a saving of around £30 billion, so getting on for 10% of the savings is lost through paying other benefits. That is entirely right and proper. In a way, her observation is backward-looking rather than forward-looking. We are moving to a world in which the idea of early retirement and drawing a pension at 60 years old or below, as in some public service schemes, is simply from another era, and the idea that someone should seek work, particularly if they are able-bodied, into their 60s is going to become entirely normal. The idea that it is somehow offensive to say that someone should look for work in their 60s is an idea from a bygone era; it is not the world that we are moving to.

7.30 pm

Malcolm Wicks: I am interested in the arithmetic that the Minister has just presented on how his savings have been adjusted, because some people will not be in work. Given that many people in the year or two before retirement are not in work, will he publish the detailed figures so that the House can scrutinise them?

Steve Webb: As a former Minister, the right hon. Gentleman will know that the figures were published with the Bill in May: they are from the impact assessment.

We have had a number of contributions, and in the short time available to me I shall refer to some of the points that have been made. As I have said, the hon. Member for Cumbernauld stated that his £11 billion should be spent and regarded it as a small sum, because he took the annual equivalent, divided that by the national debt and came up with a small fraction, as though somehow one can make £11 billion disappear. Well, the Labour party did make £11 billion disappear regularly, so he is keeping up that tradition, I suppose.

[Steve Webb]

My hon. Friend the Member for Cardiff Central (Jenny Willott) asked where state pension reform fits into the measures before us, and I am pleased to tell her that we remain entirely committed to such reform, but one irony of all this is that the very group of women whom we are most concerned about, and whom we have heard most about in this debate, are probably the single group who will most benefit from our ideas on state pension reform.

In particular, many women who spent time bringing up children, before either home responsibilities protection came in or the state second pension introduced crediting, would benefit substantially from such reform. So, yes, their pension age will rise, but as our reforms take hold such women will benefit substantially, and my long-term commitment to pensions justice for women will be delivered. That is certainly my goal.

The right hon. Member for Croydon North (Malcolm Wicks) made the point that he has made before about differences in life expectancy and about people who leave school earlier, but his proposal for starting the national insurance clock running at different ages would create different anomalies. He says that somebody who leaves school and goes into a manual job could get their pension earlier, but someone who leaves school and goes to a desk job would also get their pension earlier, and people would then say, "Is that fair?" There are anomalies whichever way we do it.

The right hon. Gentleman did, however, raise the issue of people in the lowest socio-economic groups, but I remind him that over a 20-year period to 2002 men in the routine class, the lowest—as it were—socio-economic group, saw life expectancy at 65 years old increase by 2.5 years, and, given that the Bill increases the state pension age for men by only one year, the improvement in life expectancy for men, even in the group whom he is most concerned about, is running ahead of our proposed increase in the state pension age.

I repeat to the right hon. Gentleman that his points about the differences between groups are an argument for doing nothing. He supported the Pensions Act 2007, which will raise the state pension age to 68 years old, and we need to address health and occupational inequalities, rather than do nothing while we wait. That is the Opposition's counsel—let us wait another decade—but the trouble is that we have already waited a century to move the state pensions ages, so how long is long enough?

My hon. Friend the Member for Gloucester (Richard Graham) quite properly raised the important issue of notifying people of any changes, so I shall share with the House our plans. I very much welcome the fact that, subject to the House approving the Bill tonight and their lordships approving it in due course, we will be able to write directly to those affected to tell them exactly how they stand, thereby ending a period of uncertainty.

We will write to those women born between April and December 1953, just over 250,000 of them, early in the new year; to those born between December 1953 and April 1954, another 250,000 people, in February; and to another 250,000, born between April 1954 and April 1955, in March. The last group covers all women who would have been affected by the original equalisation timetable.

Fiona O'Donnell: Will the Minister also advise those women of their right to employment and support allowance? Will he confirm that, if they claim ESA, are turned down, wait seven months—as some have in my constituency—for an appeal, and that period crosses over their entitlement date to the state pension, their appeal will still be heard and any benefits backdated?

Steve Webb: Perhaps the hon. Lady does not understand what I am saying. I am talking about people who will reach state pension age in seven or eight years' time, so I am not sure that writing a letter, stating, "In the event you are on a certain benefit in seven or eight years' time, and the delay in tribunals in such and such," is germane to my point.

The Chair of the Work and Pensions Committee, the hon. Member for Aberdeen South (Dame Anne Begg), in a characteristically balanced contribution—*[Interruption]*—I spotted the balance even if nobody else did. She described the changes we are making today as a huge achievement, then said, "Well why don't we go the whole hog," but there are 11.1 billion reasons why we are not going to go the whole hog, and I am sure she understands that point.

The hon. Member for Edinburgh East said, "Well, I wouldn't start from here"—and so say all of us. I do not think that any one of us would have chosen to inherit an annual deficit of £150 billion that had to be cleared up—*[Interruption.]* Members say from a sedentary position, "This isn't about the deficit," but a sequence of deficits creates a debt, which will be £1.4 trillion at the end of this Parliament, and that is both a capital sum and the interest that our children and grandchildren will have to pay, so we should take responsibility for it and tackle it.

The hon. Member for Stretford and Urmston (Kate Green) said that the Work programme does not do anything for older women, but its beauty is that providers do not get paid unless they tailor what they do to the individual in front of them. For example, we find that the biggest barrier for many potential older workers is IT skills; they are entirely job-ready but not necessarily up to speed with technology. So, if that is the barrier, the Work programme provider does not need to come to my right hon. Friend the Secretary of State for approval, as in the old days, asking whether it is on a departmental checklist; they just get on with it, help the person obtain the skills and are rewarded only if they get that individual a job.

Kate Green: I understand how the Work programme proposes to reward providers, but does the Minister not accept that older women are particularly disadvantaged when seeking to access the labour market? Can he tell us, therefore, whether there will be an incentive payment to such providers in dealing with those older women?

Steve Webb: The incentive is clear: the providers do not get any money at all unless they help someone into work.

The hon. Member for Llanelli (Nia Griffith) mentioned grandparents: women in the age group under discussion who by taking care of grandchildren enable their sons and daughters to work. That is an important point, and that is why I was pleased to carry through in office proposals that had previously been brought forward on national insurance credits for grandparents—when their daughters are not using them—to ensure that their state pension rights do not suffer.

The hon. Member for Edinburgh East asked why we did not do all that earlier and referred to Second Reading, but I remind her that in that debate my right hon. Friend the Secretary of State said that the basic principle of the Bill is right—that we move to equality sooner and to aged 66 in 2020. We have been entirely consistent with what he said, but he also said that we need to make sure that the transition is fair and that those most adversely affected are helped. That is exactly what we deliver on today with the amendments.

We have identified, notwithstanding the difficult fiscal position, £1.1 billion to ensure that half a million people face a shorter increase in their pension age, and that a quarter of a million women who could have faced up to 24 months will now face a maximum of 18 months. It is worth keeping in context the fact that nine out of 10 people affected by the Bill will see an increase of one year or less in their state pension age.

The hon. Member for Bolton South East (Yasmin Qureshi), who spoke last, said, "Well, it's only a bit of money," and, "It's penny pinching," and all I can say is that many people think that £1.1 billion is a lot of money. I know that it is a naïve observation, but I am in that category as well.

It was important to allocate to this issue a large amount of time for debate today, but we have simply had a repeat of what we heard in Committee: "Find £10 billion or £11 billion—it'll come from somewhere, it's not really a lot of money." From the Government, however, we have seen a serious balance struck between introducing the fiscal responsibility that was all too often lacking under the previous Government and listening and responding to the needs of those most affected by the Bill—and I commend our amendments to the House.

Gregg McClymont: This been a very important debate. I thank the Minister for his reply, but he has not satisfactorily answered the question repeatedly asked by Labour Members, which is fairly straightforward. Why are these 500,000 women paying a disproportionate price? Why are they having disproportionately to carry the burden?

Our amendments, if accepted, would mean that not one of the half a million women affected by this Bill would have to wait more than an extra year for their state pension, and, importantly, that they would have at least nine years' notice of the rise in their state pension age. At the same time, the state pension age of 66 for men and women would be brought forward to 2022. That would be a fair package, and it would keep the Government to the promise made in the coalition agreement. I should like to withdraw amendment 1 and test the will of the House on amendment 3.

Amendment, by leave withdrawn.

Amendment proposed: 3, page 1, line 8, leave out subsection (4).—*(Gregg McClymont.)*

Question put, That the amendment be made.

The House divided: Ayes 244, Noes 291.

Division No. 367] [7.41 pm

AYES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Berger, Luciana
Betts, Mr Clive
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Dobbin, Jim
Docherty, Thomas
Dodds, rh Mr Nigel
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn

Long, Naomi
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Paisley, Ian
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:

Lyn Brown and
Phil Wilson

NOES

Adams, Nigel
Afriyie, Adam
Amess, Mr David
Andrew, Stuart
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldwin, Harriett
Barclay, Stephen
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bradley, Karen
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brooke, Annette
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chope, Mr Christopher
Clappison, Mr James
Clarke, rh Mr Kenneth
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crockart, Mike
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mark
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunter, Mark
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Main, Mrs Anne
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick

McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Norman, Jesse
Nuttall, Mr David
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Soames, rh Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Timpson, Mr Edward
Tomlinson, Justin
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Norman Lamb and
Stephen Crabb

Question accordingly negatived.

7.56 pm

Proceedings interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Question necessary for the disposal of the business to be concluded at that time (Standing Order No. 83E).

Amendments made: 13, page 2, leave out lines 14 to 18 and insert—

'6th January 1954 to 5th February 1954	6th May 2019
6th February 1954 to 5th March 1954	6th July 2019
6th March 1954 to 5th April 1954	6th September 2019
6th April 1954 to 5th May 1954	6th November 2019
6th May 1954 to 5th June 1954	6th January 2020
6th June 1954 to 5th July 1954	6th March 2020
6th July 1954 to 5th August 1954	6th May 2020
6th August 1954 to 5th September 1954	6th July 2020
6th September 1954 to 5th October 1954	6th September 2020"'.

Amendment 14, page 2, line 19, leave out '"1960" substitute "1954"' and insert '"5th April 1960" substitute "5th October 1954"'.—*(Steve Webb.)*

New Clause 2

QUALIFYING SCHEMES: ADMINISTRATION CHARGES

'(1) Section 16 of the 2008 Act (qualifying schemes) is amended as follows.

(2) In subsection (3) for paragraph (a) substitute—

"(a) administration charges due from J while J is an active member exceed a prescribed amount,

(aa) administration charges due from former active members while J is an active member exceed a prescribed amount,

() while J is an active member, the scheme contains provision under which administration charges that will be due from J when J is no longer an active member will exceed a prescribed amount, or will do so in particular circumstances,".

(3) After that subsection insert—

"(4) For the purposes of subsection (3) administration charges are due from a person to the extent that—

(a) any payments made to the scheme by, or on behalf or in respect of, the person,

(b) any income or capital gain arising from the investment of such payments, or

(c) the value of the person's rights under the scheme,

may be used to defray the administrative expenses of the scheme, to pay commission or in any other way that does not result in the provision of pension benefits for or in respect of members.

(5) In subsection (3)(aa) "former active member" means a person who at some time after the automatic enrolment date was both a jobholder and an active member but is no longer an active member."'.—*(Steve Webb.)*

Brought up, and read the First time.

Steve Webb: I beg to move, That the clause be read a Second time.

Mr Deputy Speaker (Mr Lindsay Hoyle): With this it will be convenient to discuss the following:

New clause 1—*Obligation to inform scheme members about provider and product options*—

'Providers of Qualifying Schemes under section 16 of the Pensions Act 2008 (c.30) must, when informing members of their own range of annuity and similar products, explain clearly that alternative and more suitable options from other providers may be available.'.

[Mr Deputy Speaker]

New clause 9—*Duty to establish a review into transfers into the National Employment Savings Trust (NEST)*—

'Within two years of the passing of this Act the Secretary of State shall establish a review into allowing transfers into the National Employment Savings Trust (NEST).'.

New clause 10—*Duty to review any order on contribution limits in the National Employment Savings Trust*—

'In section 70 of the 2008 Act (Contribution Limits) at the end of subsection (1) insert—

'(1A) Any order under this section shall be reviewed by the Secretary of State within two years of the Pension Scheme being opened to members.'.

Amendment 18, in clause 6, page 6, line 37, leave out 'three' and insert 'one'.

Amendment 19, in clause 8, page 8, line 1, at beginning insert 'Subject to subsection (2A),'.

Amendment 20, page 8, line 4, at end insert—

'(2A) An order made under subsection (2) must not increase the amount in section 3(1)(c) by more than—

(a) the general level of earning; or

(b) in percentage terms by more than the percentage increase in the Lower Earnings Limit for national insurance purposes.'.

Government amendments 15 and 16.

Steve Webb: This is a broad group of proposals relating to private pensions. I shall speak in support of Government new clause 2 and Government amendments 15 and 16. As we have a relatively short time to discuss these issues I will also deal with the other amendments in the group, and do not anticipate making a further contribution to the debate.

Government new clause 2 deals with charges. Obviously, charges are important, as I am sure the whole House will agree, because money that goes on charges does not turn into pensions. The Government are therefore keen to ensure that charges are at a reasonable level and are transparent. For example, following on from the policies of the previous Government, we have gone ahead with the introduction of the National Employment Savings Trust, which will be a low-cost provider designed to ensure that charges across the market are brought down. There is evidence that new entrants to the market and existing providers are already looking at charges significantly lower than many people have experienced on their pensions in the past.

In Committee, concerns were raised about whether the Government should be capping charges. As the right hon. Member for East Ham (Stephen Timms), who is responding for the Opposition, is well aware, the Government do have powers to cap certain pension scheme charges. In considering this issue, we became aware of the anomaly that we do not have that power in relation to people who are no longer active members of pension schemes but who are deferred members, and in particular deferred members of qualifying schemes for auto-enrolment. If we want to cap charges—I will come back to that issue in a second—we do not currently have the power in primary legislation to cap them for deferred members of qualifying schemes for auto-enrolment. The purpose of Government new clause 2 is to give us that power, so that if we want to impose charge caps, we can do so systematically and without unintended omissions.

Our thinking on charge caps is that in general, we do not believe there will be a problem with charges. Particularly in the early years of auto-enrolment, it will be the very largest firms that come into the system. They will have the resources and time to shop around, they will be able to strike good deals, and they will have the National Employment Savings Trust available to them. We expect that for big and medium-sized firms, relatively low charges will be the norm.

8 pm

However, concern has been expressed about the fact that it will be not the individual pension policyholder but the employer who will choose the provider. That may be a small firm that has little interest in the scheme and is choosing a provider because it has to, rather than because it has an active interest in pensions. It therefore may not put the time and effort required into shopping around, and it may choose a high-cost provider. The members of the scheme, who may not pay much attention to its fine print, may find themselves with above-average charges. If that were to become a problem, we would want the power to do something about it, particularly in the case of deferred members. Once someone has ceased contributing to the scheme or working for the firm, they have even less connection with the scheme and even more vulnerability.

Kevin Brennan (Cardiff West) (Lab): Why have the Government decided to raise the level at which auto-enrolment will come in? By their own figures, that will affect about 600,000 people, mainly women.

Steve Webb: I will come on to that, because Opposition amendments 19 and 20 relate to it. As I said in my introduction, I shall deal with all the amendments in this group, so if the hon. Gentleman will forgive me I will explain our thinking on that matter later.

Glenda Jackson (Hampstead and Kilburn) (Lab): The Minister has referred to the transparency of the current charges in the pensions industry, yet in his evidence to the Work and Pensions Committee, the gentleman who advised the Government on the matter—I regret that I have forgotten his name—made the point, which I am sure everybody in the House would endorse, that existing pensions provision is extremely cloudy. It is extremely difficult to know what the charges are, because the wording is imponderable in many instances. Why is the Minister so sanguine about what will happen in future? It certainly has not happened in the past, and it certainly is not happening now.

Steve Webb: There are two significant differences between past and future provision. First, we have established NEST, which did not exist before. It has been set up as a low-cost provider, so we have guaranteed that there is such a provider out there, particularly for small firms, which are the least likely to shop around. Secondly, there is a saying that pensions are not bought, they are sold. In other words, individuals tend not to go out and look for a pension but instead have one sold to them. In a world of auto-enrolment, the opposite is the case. Employers have a legal duty to select a provider, and that makes providers' costs much lower. Rather than having to bear the huge costs of individual salespeople going out and selling to individual policyholders, employers will instead seek out providers. The costs of the whole process will be much lower, so that will be a significant step in the right direction.

Glenda Jackson: Will the Minister give way?

Steve Webb: I will not, if the hon. Lady will forgive me, because I am going to try to cover about six topics in not very much time, so as to give everyone else a chance to respond.

Government new clause 2 has been tabled in response to our discussions in Committee, and will give the Government a power that I think previous Governments either thought they had or would have wanted to have. It is the power to cap charges for deferred members of qualifying auto-enrolment schemes. I think that is probably a relatively uncontentious power. Were we to bring it into force, that would clearly be the subject of separate debates and discussion in the House, but I hope the House will be happy that the Government should have that power.

Government amendments 15 and 16 are technical amendments to clause 14, dealing with what would otherwise have been a problem in section 30 of the Pensions Act 2008. Although that section currently allows employers to use a defined benefit, hybrid or money purchase scheme as an alternative scheme, it does not allow them to use a workplace personal pension scheme. Clause 14 corrects that omission, but there is a risk that an individual might be automatically enrolled into a personal pension scheme, and then required to pay contributions immediately for up to four previous years. The amendments protect individuals from that scenario. They correct what we believe to be an error in previous legislation. I hope that the House will find my explanation helpful, although I can go into far greater detail if threatened.

I welcome new clause 1, tabled by my hon. Friend the Member for West Worcestershire (Harriett Baldwin), who serves on the Work and Pensions Committee. I believe that, in a rather intimidating fashion, it has been signed by pretty much all the Committee's members, so I think I have to give it a fair wind. It is about what is known in jargon as the "open market option"—in other words, the fact that people often forget that when they save for a pension, they are doing two things. First, they are building up a pot of money—the accumulation stage—and then they are turning it into a pension, which is the "decumulation" stage. Those are two entirely separate processes.

All too often, someone can save with provider A—I will not use the name of a company—and think that they have to take their pension from provider A, which they do not. Broadly speaking, as a rule of thumb, it is estimated that the market can be divided into thirds. Roughly a third of people shop around and go somewhere else, a third of people shop around and stay with their original provider, and a third of people do not shop around at all. There is clearly a danger that at the crucial point when somebody sets their income for the rest of their life, they may not be getting the best value. The open market option reminds people that they can shop around, and indeed prompts them to do so. However, as I have just indicated, take-up of that option is not as high as we would wish, or as I believe the insurance industry would increasingly wish, so we need to do more.

I take new clause 1 as a probing amendment, and it is important in getting the issue on the table. As drafted, it would have one or two problems. It would bring some schemes within its scope that should not be, such as final salary schemes. Those are qualifying schemes for auto-enrolment, but we do not want to give final salary scheme providers a duty to tell people about their right to buy an annuity. That would not be appropriate. The new clause also duplicates some existing duties. For example, the Occupational Pension Schemes (Disclosure of Information) Regulations 1996, as I am sure my hon. Friend is well aware, state that when members have the opportunity to select an annuity, they must be informed of their right to buy one on the open market. They must also be advised that there are different types of annuities available, which may have different features and different payment rates. There are also 1987 regulations that relate to contract-based business. So there are rules about the open market option, but I think we would all agree that they are not working as well as they should. I am sure that is the point of my hon. Friend's new clause.

The Government welcome the opportunity to discuss the open market option. We believe that it is critical for consumers to think about the shape of annuity that is most appropriate to their circumstances and compare rates across providers. There are comparison websites available, which is a helpful development, but people have to know about them to look at them. They have to consider the option in order to know what questions to ask.

I am pleased to say that, in an example of joined-up government, we are working closely with our colleagues at the Treasury on the matter. I regularly meet my hon. Friend the Financial Secretary, who leads on it, to discuss the open market option, and we have a joint working group examining that very issue. My hon. Friend the Member for West Worcestershire will be pleased to know that earlier this year, we asked that working group to consider what is called a default open market option arrangement—in other words, whether we could make shopping around the default, so that people would have to make an active choice to stay with their current provider. There are practical issues to consider, such as what would happen to someone who failed to shop around, whether there should be a point at which their own provider paid them a pension, and what information people should have. However, the principle is attractive, and certainly my hon. Friend the Financial Secretary is keen to go as far as we can.

Progress has already been made. One might say that a working group is often the last refuge of a scoundrel—not the Financial Secretary, I should add; I meant myself. However, this is a working group with teeth. To give one example, the Association of British Insurers, which has engaged actively with us on the matter, has already said that its members will cease sending out to people, with the letter saying that they can get an annuity, the application form from their own provider. They will stop saying, "You can shop around, but here in the same envelope is a form to get an annuity from us." Instead, a person will actively have to say, "I want my annuity from you; give me a form." That is a small step in the right direction, but I believe we need to go further.

I will be pleased to hear the arguments and concerns of my hon. Friend the Member for West Worcestershire, but we are certainly seized of the importance of this

[Steve Webb]

issue. We do not believe the new clause is quite the way to deliver what is needed, but the Government very much welcome it, and the spirit of what she is trying to achieve.

Glenda Jackson: Will the Minister give way?

Steve Webb: On that point?

Glenda Jackson: Yes.

Steve Webb: Okay.

Glenda Jackson: I am extremely grateful that the Minister welcomes new clause 1, but with all due respect, he spoke earlier of pensions being not bought, but sold. He is now talking about the buyer being in the driving seat, but as we know full well, and as we see in the papers every day in relation to energy prices, people do not seem to have the capacity to shop around in their best interests. I do not think that the Government have had a great deal of success in encouraging companies to make the situation better. Will he learn from those mistakes, and will there be a better method?

Steve Webb: As I think I said a moment ago, we have asked the working group to look at making shopping around—*[Interruption.]* Before the hon. Lady heckles me, she might like to listen.

Glenda Jackson: I was muttering, not heckling.

Steve Webb: The working group will look at making shopping around the default situation. Somebody who does not actively choose to stay with their current provider will shop around by default. That is the difference between pensions and energy suppliers. Whereas people are stuck with their energy suppliers unless they choose to shop around, people will not get a pension unless they shop around. That is a pretty good incentive to shop around.

Glenda Jackson: Will the Minister give way?

Steve Webb: I hope that the hon. Lady will forgive me if I do not; I have given way to her twice already.

New clauses 9 and 10 relate to the role of NEST, which I mentioned a moment ago. New clause 9 suggests that in a couple of years' time we should review transfers into NEST, and new clause 10 suggests that we review contribution limits at the same time. It is worth reminding the House why NEST was constrained when it was established. There was a recognition that there is a market for big firms and higher earners—pension providers are willing to provide at a reasonable cost and to go to such firms. However, for small firms and lower-paid workers, there was a market failure. NEST was designed to fill that gap in the market.

First, the Government created a legal duty for firms to enrol people, so we ensured that there was something to enrol people in. That is what NEST is for. Secondly, we could have created NEST and imposed no constraints, and it could have been just another provider, but because we constrained NEST to consider lower-paid workers and smaller firms, it has innovated in an impressive manner. The previous Government envisaged such constraints. The Work and Pensions Committee has visited NEST and was positive about what it found. Forcing NEST to focus on lower-paid workers, smaller firms, and people who do not speak "pensions" or who are uninterested in them, has created impressive product, investment strategy and technological innovation, which is entirely welcome. Creating NEST with constraints was the right thing to do, and it has been beneficial.

Dame Anne Begg: If NEST is to work, people must have confidence in the products that are going to be delivered. However, there is a danger that other providers muddy the waters of what is on offer. For instance, a Federation of Small Businesses booklet says that it will offer a comparable pension provider with which firms can auto-enrol their workers. The charge is 0.75% to FSB members and 1% to non-members, but they are not comparable prices. What can the Minister do to ensure that such misinformation does not divert people away from NEST?

Steve Webb: I am grateful to the Chair of the Work and Pensions Committee for drawing my attention to that document, and I am keen to see a copy. Pensions selling is, broadly speaking, regulated by the Financial Services Authority. Claims about pensions need to be accurate. NEST charges are the equivalent—on an average pension—of around 0.5%, as the hon. Lady knows. The suggestion is that a charge of 0.75% or 1% is "comparable". We can compare anything with anything, but the comparison is not always favourable. She raises an important point, and the pensions regulator and the FSA will seek to ensure that people are given accurate information about pensions.

The right hon. Member for East Ham (Stephen Timms), who speaks for the Opposition, will be well aware that the Government already have a duty to review NEST after the five-year roll-out of auto-enrolment. New clauses 9 and 10 would not repeal the other duty, so they would mean a review in two years and another one three years after that. The earlier review would be premature and unhelpful in the middle of the roll-out. One might want to tweak 1,001 things, but a review in the middle of roll-out would create uncertainty when the next tranche of firms is choosing which provider to go for. Will NEST have its limit lifted? Will the transfer ban go? Those questions would mean yet more turmoil. An element of certainty in the auto-enrolment process, which has been iterated quite a lot, would be welcome.

The right hon. Gentleman will know that the Government had our own review—"Making automatic enrolment work"—last summer. It said that in the end, in 2017, the restrictions should go. I am entirely sympathetic to that proposition, but deciding that today, or reviewing the situation in the middle of the roll-out, is not the best way forward.

8.15 pm

Finally, I shall make some observations on waiting periods and the earnings trigger for auto-enrolment. Just to be clear, the Bill introduces a voluntary waiting period of 13 weeks. The previous Government's legislation proposed that people had to be auto-enrolled on the day they started. That might not coincide with an employer's pay period, and it might require very large numbers of employees to be enrolled on a single day. That was the legislation that we inherited.

The Bill creates a 13-week waiting period. Somebody who values their pension rights can still opt in, but the Government listened very carefully to the concerns of smaller businesses. Their judgment was that requiring them to enrol people on day one was a considerable burden. The flexibility of a three-month period strikes a balance. We were being lobbied to specify six months and to exclude small firms altogether, but we judged that a three-month period strikes the right balance.

Stephen Timms (East Ham) (Lab): May I ask the Minister a wider question on auto-enrolment? As he will know because it has been widely reported in the past few days, a report from Mr Adrian Beecroft recommends that the Government postpone the implementation of auto-enrolment altogether. Has the Minister seen that report? If so, what is his response to it?

Steve Webb: The right hon. Gentleman is right that a draft report has been produced and reported in the press, but I can assure him that—as we once famously pointed out—2012 will definitely happen next year. In other words, we do not believe that this important programme should be delayed. Interestingly, the CBI does not believe in a delay, either. It recognises that the biggest firms, which will come in next year, are already planning. In many cases they have already chosen their providers. They are getting on with it, and the last thing we need is new uncertainty about the start of auto-enrolment. We will, therefore, be pressing ahead.

Waiting periods are clearly a trade-off, but today more than ever, we need to realise the impact of what we are doing on smaller firms and businesses more generally.

Mrs Jenny Chapman (Darlington) (Lab): I understand the Minister's point and the benefits to a payroll department in a small firm, but does he accept that people who change jobs frequently throughout their careers could be disadvantaged? If people change jobs 11 times, they could end up losing about three years' worth of benefits.

Steve Webb: The hon. Lady raises an important issue. That is one of the arguments against a six-month waiting period, but those things are a matter of judgment. She used an interesting phrase when she mentioned the payroll departments of small firms, but of course a typical small firm does not have a payroll department, and will struggle with those provisions. We are trying to ensure that the scheme has flexibility, so that we take small firms with us rather than have them resenting the scheme. The waiting period is important in that respect.

Finally, on amendments 19 and 20 and the earnings trigger, which the hon. Member for Cardiff West (Kevin Brennan) mentioned, the Bill originally proposed that we auto-enrol at around about the national insurance floor, which is a bit more than £5,000, uprated in today's prices. There were two problems with that. First, there was no de minimis provision, so employers would have auto-enrolled people for pennies a week. If the floor were £5,000 and a person earned £100 a week—£5,200 a year—they would be enrolled on the £200 above the £5,000. Under the legislation that we inherited, the contribution at the start would be 1%—£2 a year, or 4p a week. There might have been the odd adverse newspaper story had we required small firms to enrol people for 4p a week, so we took the view that we had to put the threshold up.

The obvious threshold to use—common thresholds are attractive to employers—is the PAYE threshold. Although we will look at the prevailing situation and make a judgment each year, the broad idea behind aligning with the PAYE threshold is that if businesses have to run PAYE for somebody, auto-enrolment will be a reasonable duty. Below that level, it is inappropriate.

Kevin Brennan: Further to that point, if the Government raise the PAYE threshold, as they have previously announced, will auto-enrolment be triggered at that higher threshold? Would not that deny millions of people—those who would benefit the most—the benefits of auto-enrolment?

Steve Webb: As we have made clear, people still have the right to opt in to auto-enrolment, but obviously the bulk duty will be at the tax threshold. There is a trade-off: we can have a low threshold, but that results in people being brought in for what are technically known as piddling amounts of money, for which the costs are disproportionate. The tax threshold appears to us to be broadly the right level, but as the hon. Gentleman will be aware, we have discretion in the Bill to look each year at the labour market and at what has happened to earnings and prices, and to make a judgment. That is the broad direction of travel, as recommended to us—

Dame Anne Begg: The concern that some of us have is not that the tax threshold will go up to £10,000—although that is the avowed intention of the Government—but that the gap between £7,400 and £10,000 is about £2,500. That group of workers earning under £10,000 might be ruled out of auto-enrolment, when they are the very people who should be auto-enrolled. The situation would be different if the threshold were going up by the rate of inflation, but can the Minister give some assurance that if there is such a leap, he will reconsider the threshold?

Steve Webb: It will clearly vary from individual to individual, but for many people, earning £8,000 or £9,000 is a transitory phase in their labour market experience, and they will move on to earn more than the tax threshold and so come within the scope of the provision. So even if the threshold is not raised, it will not make a lot of difference if someone is not in the scheme for that year. For some people, they or their household will already have pension rights accrued and it might even be right for them to opt out. People will have the chance to opt in to pension provision if it is particularly important for them, and it is right that they should. I accept that there are issues for that group, but for any line drawn one can ask, "What about the people just below?" If we enrol people for trivial amounts of money, we will undermine the whole credibility of the scheme.

We have now had a whistle-stop tour through half a dozen private pensions issues, and I look forward to hearing hon. Members' comments. I commend new clause 2 to the House.

Stephen Timms: I welcome new clause 2, but I speak in favour of new clauses 9 and 10, and amendments 18, 19 and 20. I shall also respond to some of the points that the Minister has just made. I shall begin by endorsing the tribute the Minister paid to Evelyn Arnold, who is retiring from his Department this week. I very much valued her advice and the way in which it was delivered.

I welcome the fact that the Government have maintained the all-party consensus on the principle of auto-enrolment, based on the work of Lord Turner's commission on behalf of the previous Government. I worked closely with Adair Turner in that period, and I pay tribute to him, and to his fellow commissioners—Jeannie Drake, now Baroness Drake of Shene in the other place, and John Hills—for their very important achievement in the commission's report.

I say "all-party consensus" about auto-enrolment, but—as I suggested in my recent intervention—there has been some discussion in the last few days about the extent of that consensus. I notice that David Prosser, who knows something about all this, wrote in *The Independent* on Saturday:

> "There is a growing fear that the Government is about to announce a postponement of auto-enrolment…every delay in pension reform will mean a more miserable old age for millions."

I am glad, therefore, that the Minister has reaffirmed that the Government intend to go ahead with auto-enrolment on the timetable that has been announced.

It has been reported that Adrian Beecroft, who has given more than £500,000 to the Conservative party in the past five years and has, coincidentally, been asked to advise the Government on cutting burdens on business, has recommended in an interim report that auto-enrolment should be put on hold and scrapped entirely for small businesses.

No doubt there has been some lively discussion within the coalition about this issue, and it is encouraging to see the Secretary of State in his place on the Front Bench and agreeing with the Minister. The *Financial Times* quotes a Liberal Democrat official this morning as saying of Mr Beecroft:

> "He is an ideological Tory donor recruited to give voice to deeply held prejudices in the Tory party. His report has no evidence base."

I also noticed that the Liberal Democrat Equalities Minister told *The Observer* on Sunday that Mr Beecroft's ideas would be "swept away". We perhaps heard some sweeping away from the Minister this evening. I am pleased to hear his confirmation—endorsed by the Secretary of State—that there will be no delay in auto-enrolment and that small businesses will not be missed out.

I welcome, therefore, the maintaining of the previous consensus on auto-enrolment, and I hope that the position that Ministers have put to the House this evening will stand. However, I regret the dilution of the previous proposals in the Bill. Our amendments seek to address the watering down of the principle of auto-enrolment that the Government have proposed. The amendments would reduce the proposed three-month waiting period to one month. They would also limit increases to the earnings trigger for auto-enrolment to no more than the increase in either the general level of earnings or the national insurance lower earnings limit. That is to address the concern explained by my hon. Friend the Member for Aberdeen South (Dame Anne Begg), the Chair of the Select Committee in her intervention a few moments ago. The new clauses would put a duty on the Secretary of State to establish within two years a review into allowing transfers into NEST, and to review any order he makes on contribution limits in the scheme.

The Labour Government were determined to build cross-party consensus on pensions reform, and, thanks to Lord Turner's commission, we succeeded. That was very important. We know that people have been under-saving for their retirement. It is estimated that 7 million people in the UK were not saving enough to provide an adequate retirement income. According to Scottish Widows, 20% of people were not saving at all for retirement. Overcoming that problem requires the establishment of a system that people can be confident will endure beyond a future change of Government. I welcome the fact that the principles have indeed survived a change of Government.

The levels of saving among people on low incomes are a particular cause for concern. While 77% of people earning £31,000 a year have savings, that applies to only 56% of people on average earnings and 44% of people on £18,000. The Office for National Statistics has reported that, thanks to the global financial crisis, pension savings fell by £2 billion in 2009-2010. The importance of tackling under-saving has risen even since auto-enrolment was first proposed.

The final report of the pensions commission in 2006 recommended three steps to tackle under-saving: a higher state pension age, restoration of the earnings link for the state pension and the introduction of automatic enrolment—the subject of these amendments. For a long time, inertia had acted against people building up sufficient savings for retirement. My hon. Friend the Member for Hampstead and Kilburn (Glenda Jackson) has commented on the effect of complex products on people's understanding of the cost of products. Other demands on people's income mean that people do not get around to saving. Auto-enrolment will harness inertia to the opposite effect by making saving, rather than not saving, the default option. We continue to support auto-enrolment into workplace pensions, and we are keen to maintain the consensus established for it. Partly for that reason, however, we cannot support the watering down proposed in the Bill.

8.30 pm

Amendment 18 would, as I said, reduce to one month the optional waiting period before an employee is enrolled into a pension scheme. As the Minister explained, the Bill proposes to give employers the option of not enrolling their employees for the first three months of their employment. For the employee, in many cases, that will mean the loss of three months' employer contributions to their pension pot each time they start a new job. Recent research for his Department has shown that people have, on average, 11 jobs in their working lives, and all the indications are that that number is likely to rise. For an average employee, therefore, the three-month window could mean the loss of 33 months' contributions over their working lives. That is no small sum, amounting, it is estimated, to a 7% reduction in final pension funds.

The effect on some groups will be far greater than on others. Agency workers, for instance, who change jobs more regularly will lose even more months of contributions. They do not save as much as the rest of the population, and a three-month threshold would put them at a significant disadvantage. As well as the cost to employees in lost employer contributions, the principle of auto-enrolment would bear a cost from this change. If an employee receives their full wage—without pension contributions being deducted—for the first three months of their employment, they might be less willing to sacrifice their salary when the three months are up and so be more likely to opt out when auto-enrolment is applied to them.

According to the DWP's impact assessment, the waiting period will also hit disproportionately younger employees who change jobs more frequently. The aim of auto-enrolment is to build up a savings culture, but to do that throughout the work force, we need to start young, yet this change chips away at the effectiveness of auto-enrolment for young people. The saving to employers in administrative costs—the Minister touched on this—which the Government argue is the main reason for introducing the waiting period, will be fairly modest: the Johnson review put it at about 2% of total annual costs to employers. I therefore suggest to the Minister that there does not seem to be a case in principle for why the group of employees likely to be affected disproportionately by the change should lose the employer contributions that they would otherwise receive.

Our amendment 18 would reduce the waiting period to one month. We understand the argument that enrolling someone who is at work for a brief period could be unduly costly, but setting the period at one month would lessen significantly the detrimental impact on savings and reduce the amount of lost contributions from employers to employees' pension savings.

Steve Webb: This is obviously a balancing act, but one reason for going beyond one month is seasonal workers. Given that the summer lasts longer than four weeks—perhaps not in Britain, but in general—the right hon. Gentleman's proposals would bring fruit pickers into auto-enrolment. Does that not bother him?

Stephen Timms: No, it does not bother me. The people in that kind of employment might well fall into the category that the Minister mentioned earlier—people who progress later in their working lives, and the earlier that they start their pension saving the better. If they are in a job for more than one month, I would welcome giving them the ability to start saving for their retirement.

Dame Anne Begg: As someone who, in their young days, was a fruit picker in Angus, picking strawberries and raspberries, I think that the only way a fruit picker might end up in auto-enrolment would be if they had other jobs throughout the year that put them above the threshold. However, I can assure the Minister that the three months of the summer for which one would be fruit picking would be unlikely to generate the income that one would need to get over the threshold.

Stephen Timms: I could not have wished for a more effective endorsement of the case that I have put to the House. I am grateful to my hon. Friend.

The Government's waiting period would incur significant costs through lost contributions for 500,000 employees at any one time and amounting to 7% of an average worker's fund over a lifetime. Those losses undermine the principle of auto-enrolment and substantially outweigh the benefit from the small reduction in the annual costs to employers.

Amendments 19 and 20 would link the earnings trigger for auto-enrolment to the increase in either earnings or the lower earnings limit for national insurance. As the Minister set out earlier in his exchange with my hon. Friend the Member for Aberdeen South, the Bill will link the level of earnings at which people are auto-enrolled to the higher income tax threshold, with the level reviewed in future according to a number of factors. However, like the three-month waiting period, this measure will exclude a significant number of people from auto-enrolment. Those people will by definition be lower-paid workers, who we know already save proportionately less than others. We also know that they are disproportionately likely to be women.

Earlier the Minister touched on the aspiration that the income tax threshold will in due course rise to £10,000. As my hon. Friend said, there would be a worry if all those earning less than £10,000 were in due course excluded from auto-enrolment as a result. The National Association of Pension Funds has pointed out that that would exclude 17% of all employees and 27%—more than a quarter—of women employees. Adrian Beecroft might be pleased about that, but the Minister should not be. Pension contributions would remain payable on earnings above the national insurance threshold under the plans in the Bill. The TUC has pointed out that moving to that scenario would create a big cliff-edge, so that people would get to, say, £10,000 and suddenly find a large chunk of their earnings deducted, having previously not had anything deducted automatically. That would create a significant disincentive, which the Bill ought to avoid, to enrolment.

We have heard about the basis on which the Government intend to raise the earnings trigger. Their worry is that saving will not deliver sufficient benefits in retirement to be worth while for many people earning below the income tax threshold. However, the Government's own report shows that most people earning around £8,000 to £9,000 a year will not be earning consistently or permanently in that range, as the Minister underlined, but will move up the income scale.

Stephen Lloyd (Eastbourne) (LD): Does the right hon. Gentleman not agree that the danger of starting when incomes are too low is that the amount in the pot might be so risibly low that it would undermine the obvious advantages that auto-enrolment will deliver over the next 20 years or so?

Stephen Timms: The hon. Gentleman has a point—the Minister also made that point—which is that if the threshold was down at the national insurance threshold, the amounts involved could be tiny. What I am suggesting in our amendments is that the way in which the higher threshold that has now been agreed is subsequently uprated should be constrained. If it is not, a large number of people could be undesirably excluded from auto-enrolment at a time when it might be very much to their advantage to be included, particularly if the threshold goes up to £10,000.

The Minister will tell us—indeed, he already has—that people whose earnings are between the contribution threshold and the earnings trigger can opt into the scheme if they feel they are missing out. However, people have always been able to opt in; the problem is that they have chosen not to. That is why we have

[Stephen Timms]

auto-enrolment. The point is that opt-ins have not worked. We need a step change. It is unfair to exclude people on lower wages, because they need to be part of the scheme too.

Our two new clauses would place a duty on the Secretary of State to review allowing transfers into NEST and the contribution limits on the scheme. The limits on transfers in and annual contributions were a factor in creating consensus on auto-enrolment—the Minister was right about that. They were correct at the time, and helped us to focus the scheme on where it was needed.

The Johnson review that the Government commissioned was clear about what ought to happen next. It made the point that the Government needed to review those two areas before the planned 2017 review. Paul Johnson said:

> "Government and regulators should review as a matter of some urgency how to ensure that it is more straightforward for people to move their pension pot with them as they move employer, so that by the time of the 2017 review the more general issue of pension transfers has been addressed and NEST is able to receive transfers in and pay transfers out."

The Minister suggested that to do two reviews would muddle things, but that is precisely what the Johnson review calls for, and I think that it does so with good reason. The report argues that that will be

> "critical to the success of the reform".

If this review does not occur before 2017, savers will spend years with fragmented savings in numerous pots that they are unable to combine. They will lose out on the benefits of being able to purchase an annuity on better terms as a result of having one, larger pot of money rather than several small ones. In some circumstances, they might also lose out due to higher management charges or as a result of deferred member penalties.

The Minister has offered some encouragement on this. I notice that he told a pensions conference last month of his vision that people will end up with what he described as "one big fat pot" instead of lots of little ones. However, no provision to review transfers in before 2017 appears on the face of the Bill, which means that people will continue to have lots of little pots, and his vision will remain unfulfilled.

It is right that contribution limits are in place while NEST is being established, but we should look again at whether those limits are necessary sooner rather than later. The Johnson review recommended that the Government legislate to remove the cap in 2017, which would be difficult if the review were commencing only in that year. The amendment therefore provides for a review in 2014. We remain wholeheartedly on the side of the consensus over auto-enrolment, but we believe that some changes are needed.

I shall also be listening with great interest to the speech of the hon. Member for West Worcestershire (Harriett Baldwin) in favour of her new clause 1. I was pleased that the Minister sounded well disposed towards it, although we shall need to know precisely what is going to happen to make its aims a reality. I hope that we can make progress in that area, as well as in the others that I have mentioned in my speech.

Harriett Baldwin: I should like to discuss auto-enrolment in general, and new clause 1 in particular. The new clause has been tabled in my name and those of my colleagues on the Work and Pensions Select Committee and several other hon. Friends. This part of the Bill enjoys much greater cross-party consensus than the matters that we were discussing earlier.

Auto-enrolment will improve the pensions landscape in this country for ever. For the first time, millions of ordinary workers will be brought into personal pensions. Between 3 million and 4 million women will begin pension savings, and a total of 10 million pension savers could be created by the massive nudge that they will get from this part of the Bill.

For a typical worker on an average income, the expectation is that, from the age of 22 until their retirement at, say, 67, there is much more likely to be a persistency of saving. For example, a woman earning £25,000 who is saving 5% of her income would save £100 a month. Her employer would make up a similar amount and, with tax breaks over her working lifetime and reasonable investment growth, that regular savings habit could create a pot worth some £200,000 in today's money. Pessimists have said that that would provide an income of only about 45% of that person's earnings in retirement, but I say that that is 45% more than they would have had without this enormous nudge. I welcome this step, which I believe will, in the fullness of time, reduce the number of my constituents who as pensioners really worry about making ends meet.

8.45 pm

Albert Einstein described compound interest as the eighth wonder of the world, but sadly too many Britons have learned only about the negative effects of compound interest on their credit cards. However, with auto-enrolment in pension savings, many more will learn of the plus side for their personal balance-sheets.

New clause 1 was tabled because many of us are concerned about the point at which individuals retire and convert their pot of money into their retirement income. According to the Minister earlier, about 60% of people with such a retirement pot do not move to another provider at the time they take their retirement income. Just as auto-enrolment is designed to nudge a person out of inertia about their pensions savings, so new clause 1 would give a person a great big nudge to prevent them from failing to shop around for a better retirement income.

Dame Anne Begg: Does the hon. Lady accept that there might also be a nudge to the pension providers? If they know that they will not automatically get the business from those who have saved with them throughout the lifetime of their pension savings scheme and that that group of people is likely to shop around, those pension providers might improve the annuity on offer to individuals.

Harriett Baldwin: That is an excellent point, and I hope we all fervently agree that competition in this area would be an excellent improvement. Locking in your retirement income is the second most important financial decision that you will ever make. I apologise; I do not mean you, Madam Deputy Speaker, but an individual.

Unlike buying a house, however, it is a completely irreversible decision—one that will last for the rest of the individual's life.

The different rates offered by different providers could mean one's retirement income being as much as 20% lower if one does not shop around. If we are unlucky enough to suffer from high blood pressure, diabetes, a heart condition, kidney failure, certain types of cancer, multiple sclerosis or chronic asthma or if we smoke, the one bright side is that a 40% higher retirement income could be achieved by shopping around. People who have enjoyed good health in their career but been in a hazardous occupation such as mining might find someone who will offer them a better retirement income. The right hon. Member for Croydon North (Malcolm Wicks), who is no longer in his place, knows that this does not apply to the state pension, but for the pensions we are talking about that involve the insurance market, those factors do apply. My fellow Select Committee members and I thus feel strongly about the value of this particular approach.

Kate Green: I am pleased to welcome the hon. Lady's new clause. Does she agree that many people are reluctant or even in denial when it comes to facing decisions about their pensions and that there is a real opportunity here to spread a good news message about both the value of saving and making positive decisions about how to invest the product of that saving, thus providing an opportunity for the pensions industry to get on the front foot in engaging people in their long-term financial security?

Harriett Baldwin: I welcome that sensible intervention. I think this will completely transform the landscape. I spoke about an individual with a £200,000 lump sum at retirement. If we multiply that by the up to 10 million additional savers that we could be looking at, it shows how this country's savings culture is going to be transformed. The scale of the issue to which new clause 1 refers will get much bigger over time.

The Minister reassured us in his earlier comments that there is a cross-departmental working group. I certainly hope that that group will move quickly to come up with some firm recommendations. I know that all who are signatories to this particular new clause look forward to that. We look forward, too, to seeing the action that will come about as a result.

Teresa Pearce (Erith and Thamesmead) (Lab): I strongly support the principle of auto-enrolment. As was pointed out by the hon. Member for West Worcestershire (Harriett Baldwin), it means that from 2012 onwards, millions of people will save for a pension for the first time. We need a low-cost, trustworthy system in the United Kingdom if we are to begin to lift future generations out of pensioner poverty.

I fully support the establishment of NEST, as currently only 50% of employees contribute to a private pension, and for many of those on lower incomes the current system is poor. Research has shown that if a typical British and a typical Dutch person save exactly the same amount for their retirement, the Dutch person will end up with a 50% larger pension under the current scheme. I believe that that is because in the UK it is often not clear how high pension charges can be. For instance, a person who is sold a pension and charged at 1.5% per annum may not realise that over the lifetime of the pension, 38% of their possible income could be lost to fees.

In the past, pension companies were unwilling to provide the low-cost pensions of the type needed under auto-enrolment, as they felt that the ordinary low-paid workers had what the industry deemed "unattractive lives"—a somewhat derogatory term which simply meant that it was not easy to make money out of those policies. Indeed, it was because of the failure of the current structure to provide such pensions that it was necessary to establish NEST.

I welcome auto-enrolment, I welcome NEST and I welcome new clause 2, but three points cause me concern. My concern about auto-enrolment was prompted by some of the evidence given to the Work and Pensions Committee relating to a lack of regulation. I was troubled to hear that there would be no restrictions on how workplace pension savings are invested, and no record-keeping requirements for providers. The meeting between the Select Committee and the Pensions Regulator gave me very little reassurance. It appears that during the drafting of the Bill, many interested parties gained concessions. Employers, whether large, small or micro—along with the pensions industry—have been pleased to note that restrictions will be placed on NEST, but not necessarily on other alternative providers.

I believe that the restrictions placed on contributions to NEST, a vehicle for workers whose employers have no pension provision, may push some employers who are new to the pensions arena towards less scrupulous pension providers, I realise that NEST is aimed at lower earners, but some of the restrictions placed on it may nudge employers who are baffled by the choices facing them towards a pension provider that does not have such restrictions, but may well provide an unattractive pension scheme for the employee. It appears that the industry and employers have been around the negotiating table, but that the employees' voice has not yet been heard.

If employers reject NEST because of the contribution limit, or other limits, they may place employees in schemes with unfairly high charges. I am deeply concerned about the apparent lack of a quality test for schemes that would be deemed to be a qualifying alternative to NEST. We know from past mis-selling scandals that too few people understand how charges, and pensions, work, and that—as in the case of the mis-selling of endowment policies—it can take many years for such practices to come to light. I ask the Minister to consider, with the benefit of hindsight in regard to previous mis-selling problems, what measures he intends to take to ensure that we do not store up similar troubles with auto-enrolment outside NEST.

My second point, which the Minister has touched on, relates to the ban on transfers to NEST, which resulted from lobbying from the pensions industry and which will benefit that industry at the expense of employees in the scheme. Under the current rules, people who are auto-enrolled in a scheme and go into NEST will not be able to move existing pots into the scheme. Such a ban cannot benefit the very employees and future pensioners whom we are trying to assist; it can only support the industry. I believe that a modern pension in a modern age should be portable, and that provisions for transfers

[Teresa Pearce]

in and out of NEST should be included in the Bill even if they cannot be implemented immediately. I welcomed some of the reassurances given by the Minister in his opening remarks.

My third reason for concern is the three-month waiting period. Although I understand the need to balance the administrative burden for businesses, it means that half a million fewer people will be automatically enrolled. As has been pointed out twice already today, nowadays many people have 11 different employers over their lifetimes. I would support a reduction to one month. Nevertheless, employees are currently able to opt in to the system from the first day of their employment, but they need to know that they have that right. I urge the Minister to amend the measures to require employers to ensure that employees are aware from when they start their employment that they can opt in from day one and receive employer pensions contributions.

The pensions cap combined with the three-month opt-out and the inability to transfer into NEST will prevent casual workers and part-time workers—mainly women—from building a decent pot, even though that is our aim. I ask the Minister to consider these concerns and in his closing remarks to give the House further assurances as to how they can be addressed.

Glenda Jackson: I rise to speak in support of the new clause of the hon. Member for West Worcestershire (Harriett Baldwin). I also strongly endorse everything my hon. Friend the Member for Erith and Thamesmead (Teresa Pearce) has just said. I, too, strongly support auto-enrolment. It offers a genuine breakthrough in attracting those people who presume that saving has nothing to offer them, which is not infrequently because their wages have been extremely low.

This scheme requires greater Government support, however. I was concerned by the Minister's somewhat sanguine attitude towards what the established pensions industry is going to do. As the hon. Member for West Worcestershire said, millions of people will for the first time feel encouraged to begin to save for their future.

Those people have always been out there, but the existing pensions industry has done absolutely nothing to attract them into savings. If it is suddenly interested in this new market, I wonder what it finds so attractive. The Minister referred to the CBI, which is a confederation of major employers. However, from my point of view the real silver lining of the scheme is that it will attract employers who employ only a few staff and their employees.

I am not making a party political point here, but we are currently in a period when people's standards of living are falling. The most recent report from the Institute for Fiscal Studies found that most people's standard of living has fallen by 7%. That will serve only to reinforce the existing reluctance of small business men and their employees on low incomes to see any benefits in saving for the future, and the pensions industry does not seem in any way geared up to make it attractive.

My hon. Friend spoke about the mis-selling scandals of the past. I need only refer to payment protection insurance. The mis-selling of that was conducted by bankers, and at that time they were considered to be rock-solid people, although that assessment has now changed dramatically in this country and the entire world. There have been far too many examples of excessive charges. I have also referred to the impenetrable documents issued to us by our pension providers. The problem is not simply their length or the smallness of the print; they are completely incomprehensible.

I understand that the Government cannot simply say to everybody, "Listen, the only scheme you should go into is this new scheme, NEST." However, as that option is not available to them, they must work with the existing pensions industry to ensure that safeguards are in place.

The Government have attempted to make some changes in another supposedly competitive industry: the energy industry. They have markedly failed, however. There is no genuine competition in that industry. We, the people who have to pay the bills, know that, and *Which?* has said it, as have Ofgem and the Government.

This measure is a major step forward and, as I have said, I absolutely endorse it, because it genuinely seems to be a way of ensuring that people can have a more secure future for themselves. Not only that, but we also hope it will relieve the tax burden for generations to come and it should give people a greater sense of being in charge of their own destinies. However, that is not possible if they are not absolutely satisfied and guaranteed that the pensions being sold are actually transparent and honest, and that the detail is specific and clear to them—

9 pm

Debate interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83E), That the clause be read a Second time.

Question agreed to.

New clause 2 accordingly read a Second time, and added to the Bill.

The Deputy Speaker then put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Standing Order No. 83E).

Clause 14

ARRANGEMENTS WHERE TRANSITIONAL CONDITIONS CEASE TO BE SATISFIED

Amendments made: 15, page 11, line 40, leave out

'In section 30(5) of the 2008 Act'

and insert—

'( ) Section 30 of the 2008 Act is amended as follows.

( ) In subsection (5)'.

Amendment 16, page 11, line 41, at end insert—

'( ) In subsection (6)(b) omit "(in accordance with section 20(1))".'.—*(Steve Webb.)*

New Clause 3

DEFINITION OF MONEY PURCHASE BENEFITS

'(1) In section 181 of the Pension Schemes Act 1993 (interpretation), in the definition of "money purchase benefits" in subsection (1), for "which are not average salary benefits" substitute "which fall within section 181B".

(2) After section 181A of that Act insert—

"181B Money purchase benefits: supplementary

(1) This section applies for the purposes of the definition of "money purchase benefits" in section 181(1).

(2) A benefit other than a pension in payment falls within this section if its rate or amount is calculated solely by reference to assets which (because of the nature of the calculation) must necessarily suffice for the purposes of its provision to or in respect of the member.

(3) A benefit which is a pension in payment falls within this section if—

(a) its provision to or in respect of the member is secured by an annuity contract or insurance policy made or taken out with an insurer, and

(b) at all times before coming into payment the pension was a benefit falling within this section by virtue of subsection (2).

(4) For the purposes of subsection (2) it is immaterial if the calculation of the rate or amount of the benefit includes deductions for administrative expenses or commission.

(5) In this section references to a pension do not include income withdrawal or dependants' income withdrawal (within the meaning of paragraphs 7 and 21 of Schedule 28 to the Finance Act 2004)."

(3) In section 99 of the Pensions Act 2008 (interpretation) in the definition of "money purchase benefits" for "which are not average salary benefits" substitute "which fall within section 99A".

(4) After that section insert—

"99A Money purchase benefits: supplementary

(1) This section applies for the purposes of the definition of "money purchase benefits" in section 99.

(2) A benefit other than a pension in payment falls within this section if its rate or amount is calculated solely by reference to assets which (because of the nature of the calculation) must necessarily suffice for the purposes of its provision to or in respect of the member.

(3) A benefit which is a pension in payment falls within this section if—

(a) its provision to or in respect of the member is secured by an annuity contract or insurance policy made or taken out with an insurer, and

(b) at all times before coming into payment the pension was a benefit falling within this section by virtue of subsection (2).

(4) For the purposes of subsection (2) it is immaterial if the calculation of the rate or amount of the benefit includes deductions for administrative expenses or commission.

(5) In this section references to a pension do not include income withdrawal or dependants' income withdrawal (within the meaning of paragraphs 7 and 21 of Schedule 28 to the Finance Act 2004)."

(5) In paragraph 1(2) of Schedule 10A to the Building Societies Act 1986 (disclosures about directors etc), in the definition of "money purchase benefits", for "which are not average salary benefits" substitute "which fall within paragraph 1A".

(6) In that Schedule, after paragraph 1 insert—

1A (1) This paragraph applies for the purposes of the definition of "money purchase benefits" in paragraph 1(2).

(2) A benefit other than a pension in payment falls within this paragraph if its rate or amount is calculated solely by reference to assets which (because of the nature of the calculation) must necessarily suffice for the purposes of its provision to or in respect of the director.

(3) A benefit which is a pension in payment falls within this paragraph if—

(a) its provision to or in respect of the director is secured by an annuity contract or insurance policy made or taken out with an insurer, and

(b) at all times before coming into payment the pension was a benefit falling within this paragraph by virtue of sub-paragraph (2).

(4) For the purposes of sub-paragraph (2) it is immaterial if the calculation of the rate or amount of the benefit includes deductions for administrative expenses or commission.

(5) In this paragraph references to a pension do not include income withdrawal or dependants' income withdrawal (within the meaning of paragraphs 7 and 21 of Schedule 28 to the Finance Act 2004)."

(7) The amendments made by subsections (1) and (2) are to be regarded as having come into force on 1 January 1997.

(8) The amendments made by subsections (3) and (4) are to be regarded as having come into force at the same time as section 99 of the Pensions Act 2008.'—*(Steve Webb.)*

Brought up, and added to the Bill.

New Clause 4

TRANSITIONAL

'(1) The Secretary of State may by regulations make transitional provision in relation to the coming into force of the amendments in section [Definition of money purchase benefits].

(2) That provision includes in particular—

(a) provision disapplying the amendments in section [Definition of money purchase benefits] in relation to an occupational or personal pension scheme which is wound up before the coming into force of that section;

(b) provision disapplying the amendments in section [Definition of money purchase benefits] to any extent, or as regards any period, in respect of an occupational or personal pension scheme in relation to which those amendments would otherwise have applied on the coming into force of that section;

(c) provision modifying the application of an enactment in respect of an occupational or personal pension scheme in relation to which the amendments in section [Definition of money purchase benefits] apply on the coming into force of that section;

(d) provision requiring trustees or managers of an occupational pension scheme in relation to which the amendments in section [Definition of money purchase benefits] apply on the coming into force of that section to obtain an actuarial valuation of a description specified in the regulations.

(3) In subsection (2) "occupational pension scheme" and "personal pension scheme" have the meanings given by section 1 of the Pension Schemes Act 1993.'—*(Steve Webb.)*

Brought up, and added to the Bill.

New Clause 5

CONSEQUENTIAL AND SUPPLEMENTARY

'(1) The Secretary of State may by regulations make consequential or supplementary provision in relation to the amendments made by section [Definition of money purchase benefits].

(2) In section 307 of the Pensions Act 2004 (modification of Act) in subsection (2) after paragraph (b) insert—

"(ba) Part 3 (scheme funding),".'—*(Steve Webb.)*

Brought up, and added to the Bill.

New Clause 6

POWER TO MAKE FURTHER PROVISION

'(1) The Secretary of State may by regulations amend for any purpose the definition of "money purchase benefit" in the Pension Schemes Act 1993, the Pensions Act 2008 or Schedule 10A to the Building Societies Act 1986.

(2) Regulations under subsection (1) may in particular amend the provisions inserted by section [Definition of money purchase benefits] above).

(3) Regulations under this section may include transitional, consequential or supplementary provision.'—*(Steve Webb.)*

Brought up, and added to the Bill.

New Clause 7

REGULATIONS

'(1) Regulations under this Part may—

(a) make different provision for different cases (including different provision for pension schemes of different descriptions);

(b) provide for a person to exercise a discretion in dealing with any matter;

(c) amend Acts (as well as other enactments);

(d) have retrospective effect.

(2) Regulations under this Part must be made by statutory instrument.

(3) A statutory instrument containing regulations under this Part which amend an Act may not be made unless a draft of the instrument has been laid before, and approved by resolution of, each House of Parliament.

(4) A statutory instrument containing any other regulations under this Part is subject to annulment in pursuance of a resolution of either House of Parliament.'—*(Steve Webb.)*

Brought up, and added to the Bill.

Clause 32

COMMENCEMENT

Amendment made: 17, page 22, line 1, at end insert—

'() sections [Transitional] to [Regulations];'.—*(Steve Webb.)*

Third Reading

Queen's consent signified.

9.1 pm

Mr Duncan Smith: I beg to move, That the Bill be now read the Third time.

I welcome the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East (Gregg McClymont) to his place. Notwithstanding our earlier little exchanges, I unreservedly welcome him. I am sure that he will be a great asset to his party, and I look forward to other clashes and debates that we may have as time goes on. I thank the Members on both sides of the House who served with distinction on the Public Bill Committee for their help in scrutinising the Bill. They have had to hang around for quite a long time, but we are where we are now. I also thank the Opposition for their approach to many of the positive debates on the Bill's clauses. May I also extend my appreciation to my hon. Friend the Member for Altrincham and Sale West (Mr Brady) and the hon. Member for North Ayrshire and Arran (Katy Clark) for chairing the Committee sittings through those longer moments?

It is also right that I pay tribute to my hon. Friend the Pensions Minister for his commitment to taking this important legislation through this House. If there is anybody in government who has championed the cause of the low-paid in pensions, it is him. It is a privilege and pleasure to work with him in this coalition—a very firm coalition in our case. On a departmental point, may I back him up on what he said about one of our civil servants, Evelyn Arnold, whom the right hon. Member for East Ham (Stephen Timms) knows? She is retiring after a long time and has seen so many of these things go through, and it is right for us to thank those who serve us without normal comment. So, without question, I thank her for the time she has spent, on behalf of all parties in government, getting this sort of legislation through.

Over the past few months, a number of amendments were made that I believe have improved the Bill, and I shall run through them. With the blessing of the House, I do not intend to spend much time on them because we have been through them a lot. Amendment 1 related to the consumer prices index underpin, where we have listened to concerns and responded by ensuring that schemes that use the retail prices index will not have to uprate by CPI in the years when it is higher. We have heard the issues raised on deferred member charges and, having listened, we have extended an existing reserve power to cap charges to also cover deferred members. That enables the Government to protect all scheme members from high charges regardless of what might come in the future, which is an important feature. Thirdly, we have also made an amendment to clarify the definition of money purchase benefits in light of the Supreme Court's recent judgment in Houldsworth *v.* Bridge, ensuring that schemes and members continue to have adequate protection.

The House will be aware that we have listened and responded to concerns about the women most affected by the accelerated rise in the state pension age. Last week we announced that no women will see their state pension age increase by more than 18 months. We have always been clear that our policy will not change and we will still equalise the state pension age by 2018 and increase it to 66 by 2020. We have, however, honoured the commitment I gave on Second Reading to ease the transition process for those who are most affected. I listened with interest to the debate, but the point that is sometimes missed is that the adjustment means that nearly 250,000 women will have a lower state pension age as a result of the change, as will a similar number of men: 500,000 people at a cost of just over £1 billion in the next spending period. We should not sniff at that.

Stephen Timms *rose—*

Mr Duncan Smith: Before I give way to the right hon. Gentleman, let me make a small point. I understand why the Opposition want to trumpet a great deal about this. Having sat in opposition, I understand that getting self-righteous about such things in defence of others who raise them is exactly what Opposition Members do. As some of my hon. Friends said earlier, however, unless the Opposition can guarantee that they will reverse the measure if and when they come into government, in essence they are doing something quite cynical by raising the hopes of women outside, knowing only too well secretly that they will never make the change. If I give way, I would like to hear that the Opposition absolutely plan to reverse this measure and change it in government.

Stephen Timms: One thing the Opposition are entitled to do is ask the Government to explain why they are doing what they are doing. At a time when the Government are increasing the state pension age by one year for many people, what is the justification for picking out 500,000 women and treating them more harshly than everybody else?

Mr Duncan Smith: I think the right hon. Gentleman knows the answer to that question. It is wholly part of the process of equalisation and of moving everybody on at the same time for the extra year's increase. That answers his point, but, as he knows in his heart of hearts—I consider him a reasonable man in his dealings most of all—the real point is that had Labour been in government, I suspect that they would have done almost exactly the same things.

The generation below my generation is likely to retire on a lower income in retirement, the first generation to do so, as a result of all the problems we have had with the economy—which the previous Government left for us and for which we never get an apology—and the reality that not enough people have been saving. We are about to condemn a generation of people who will struggle to save for their pensions and who will have to pay off elements of the debt that we—this generation going through Parliament—have overseen while at the same time paying for those who are already in retirement, and we must do something to help them rid us of that debt so that they do not pick up such a large proportion of it and are not saddled with it as they attempt to bring up their children and earn a living at the same time.

Stephen Timms: The Secretary of State is explaining why the state pension age needs to be raised and our amendments did not oppose the increase of one year. We are still waiting, however, for some justification why this particular group of 500,000 women must wait more than a year—longer than everyone else—to reach their state pension age.

Mr Duncan Smith: I think I have explained that. As I said earlier and as the right hon. Gentleman knows well, the acceleration is about reaching equalisation in time to move the age to 66. We can bandy this subject about, but the point remains that the Opposition must come to terms with something quite important. The hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East, who opened the debate on Report, suggested that £11 billion—he insisted on saying £10 billion, but I must tell him that the figure is £11 billion—was no great problem and not an issue in the great scheme of things. That is, in a sense, the problem. I remind him that to save £5 billion in real terms today straight off, we would have to cut the education budget by 10%. That is the nature of how we would have to find the money.

I simply say to the Opposition that I understand the rules of opposition—goodness gracious, we spent enough time in opposition ourselves—and the temptations that come with opposition, but realistically they should be saying to all those women that we have made a major move. We are prepared to spend an extra £1 billion to make sure that those who were excessively caught in that trap are not any more. I think that is fair and reasonable and that the Opposition need to explain to women up and down the land why they are making a big fuss about this when they know, cynically, that they would not overturn this if they came to government. That is a very cynical position to be in—to whip up this emotion outside and then calmly and quietly say, "Of course, we can't change it." I am afraid that is bad politics and bad decision making.

Glenda Jackson: Perhaps the Secretary of State would like to hear what some of the women in my constituency think about the Government's changes regarding their pension age. Their view is that the Government have made this very small change—it is a very small movement—which has nothing whatever to do with a concern for those women in their old age, because they are losing the women's vote—and my constituents are not by nature cynical.

Mr Duncan Smith: After listening to the Opposition tonight, they ought to be. One thing I will be certain to tell them whenever I encounter them is that at least I am being honest about what we are trying to do. We inherited a major economic problem, with a deficit that was out of control and burgeoning debt—the two are linked just in case the Opposition do not remember that. The reality is that, on both counts, we are charged with reducing the amounts. That is not something that is given to just a few Ministers—it is ultimately about taxpayers and about those who get pensions.

We have listened and we have done something quite significant—not small—to give way. To cap this at 18 months and spend £1 billion is, as my hon. Friends have recognised, a big step. Of course, in a perfect world, as the hon. Member for Cardiff Central (Jenny Willott) said, if all things were equal we would have loved to be able to do more, but the reality that we face is that this country has to get its debt under control. As I said earlier, the real burden is not going to fall on the shoulders of the hon. Member for Hampstead and Kilburn (Glenda Jackson) or on mine but on those of our children and grandchildren if we do not do something about that debt. I am not prepared to think to myself, "I must charge around and say that I am worried about this group or that group." I have to say to them honestly, "All of us, together, recognise that we must do the best for the next generation coming through," as well as doing our best, as the Pensions Minister said, for those who are due to retire.

With the amendments in place, I believe that the Bill has reached Third Reading with its fundamental principles firmly intact. I have repeatedly said that the Bill is, in large part, about the next generation—a generation who will have to pay for their parents' retirement while footing the bill for their own savings and also for the debt.

I want to discuss auto-enrolment which, as the right hon. Member for East Ham rightly said, was started by his Government. We committed to continue it and I like to think that we have done that in the best spirit possible, taking into account the difficult financial considerations. The key will be getting many more people into saving. As he knows, some 9 million to 10 million people will be eligible under the new system. That is why we are taking forward plans for automatic enrolment into pension schemes—plans that were debated and widely supported across the House.

The Bill refines some of the parameters of automatic enrolment legislation and ensures that we take forward a model that will work for the individual, I hope, as well as for the employers who will be our key partners in delivering these reforms. There was a question about the three-month point and I wanted to make a point about those who are in work for three months in these firms and then move on—90% will move on, so the issue we are dealing with concerns a much smaller group than people have been leading us to believe. I do not agree with those who say categorically that this is a

[Mr Duncan Smith]

problem for growth. Auto-enrolment is good for the country, good for people who save and, ultimately, good for growth because it puts the economy on a firm footing, based on savings. I stand here today categorically prepared to take on anybody on that basis, and I will continue to do so, as will the Pensions Minister and, indeed, all of us. Others who support us on this include the TUC, the CBI and the National Association of Pension Funds. I hope that, as a consideration, we will move forward on this together.

Finally, I want to touch briefly on the consumer prices index uprating and judicial pensions. I know that everybody in the House is worried about the judicial pension scheme that is going through in the Bill, but none the less we will press on. As I made clear on Second Reading, the Bill makes a few relatively minor changes to the legislation governing the uprating of occupational pensions. It amends references to the retail prices index to read instead the "general level of prices" to ensure consistency with the rest of the legislation. It does not specify the measure for the general level of prices. I am pleased to see that the Opposition support us in all of this, although after talking to some Opposition Back Benchers, I do not think they were aware that the Government and the Opposition are apparently as one on CPI.

On judicial pensions, I will simply say that this is a key part of building a more responsible pension system, and I am pleased that the provisions have received the widespread support of the House.

I shall conclude, as others may want to speak. When we introduced the Bill, we were clear about the principle behind it: a desire to secure a better deal for our children through incentivising saving and sharing the costs of retirement more evenly between the generations. I hope there are more changes to come, with the other pension reforms that my hon. Friend the Minister spoke about, which will incentivise saving and give people a base income in retirement that they can understand and calculate. These changes should be seen in the light of all those wider reforms. We are currently working on that state pension design and consulting on the option of a single tier. All this will, I hope, provide a better deal for many women and self-employed people who have historically tended to suffer poorer pension outcomes. The changes that we are making to our retirement system are designed to put it back on firm foundations, establishing a new and fairer settlement between young and old.

I return to one point. It is a challenge to any Opposition, I guess, to have been in government and created something of which they are justifiably proud—auto-enrolment. We wanted to continue with it and we have done our level best to do that. That is the most important and powerful part of this Bill of reform. Given the importance of auto-enrolment, and notwithstanding all the heat and light generated by the Opposition's arguments today about the level and the speed at which the state pension retirement age has moved, when they sit down and consider what is in the Bill that we are about to pass—automatic enrolment to improve the savings and outcomes for people in future years—I hope the Opposition will do the right thing and support the Bill. On that basis I commend the Bill to the House.

9.17 pm

Stephen Timms: The Bill certainly has some welcome features, as well as some very regrettable, unwelcome features. I shall touch on both aspects in my contribution.

The recommendations of the Pensions Commission chaired by Lord Turner were broadly accepted across the House. As Pensions Minister at the time, I was extremely impressed by the energy and commitment brought to their task by Lord Turner and his fellow commissioners, John Hills and the now Baroness Jeannie Drake. They were successful in putting together an all-party consensus, which has endured. We will continue to work consensually with the Government as far as we can for the strategy that was developed in the review.

The first element of that was auto-enrolment into a low-cost national scheme. I agree with the Secretary of State about the significance of that change and I welcome his confirmation that the Government will not move away from their commitment to auto-enrolment. The second element was an increase in the state pension age, and re-linking the level of the state pension with earnings was the third.

But it is not fair for the costs of this trinity of measures to be borne disproportionately by any one group in society, whether that group is defined by age, occupation or gender. The Bill would unfortunately affect some groups far more than others. We have just had a debate touching on the fact that young people and agency workers, who move jobs more frequently than average, are likely to lose many months of employers' contributions because of the changes, as well as the chance of building up a savings habit, because of the introduction of a waiting period in auto-enrolment. Up to a million people on low wages would be left out of auto-enrolment owing to the increase in the level of the earnings threshold. But most significantly of all, and this is what gives us a real problem with the Bill, half a million women aged 56 and 57 will find themselves waiting up to 18 months longer for their state pension, and a third of a million will be waiting a full 18 months extra, with too little time to plan for the change. That is a serious problem.

We welcome the Government's recognition that the original Bill was wrong, and what we have now is certainly a welcome change. I make no bones about welcoming the change that has been made, the concession in response to the big and entirely proper campaign that took place, but the Bill still leaves half a million women in the lurch. My hon. Friend the Member for Leeds West (Rachel Reeves) led the argument against the original ill thought-out plans, and I welcome the change that has occurred, but, with so many women still affected, Ministers cannot claim that they have solved the problem.

We understand why the state pension age is being increased by one year for many people, because the Secretary of State set out why and our amendments did not oppose the increase, but what has struck me about tonight's debate is that no Government Member supporting the Bill has provided any justification why it is being increased by more than one year for half a million women—and not for a single man. What is the justification for picking out that group of half a million women and treating them more harshly than everybody else?

Why are those women being picked out for worse treatment? We have been given no justification at all, except that it will save a lot of money. No doubt it will, but the Secretary of State has a responsibility to develop a policy that can be defended, that has some rationale to it, not simply telling us, "Well, this is going to save us a lot of money." There needs to be some justification for the change that is being made, and no justification—at least none that I can understand—has been made at all for picking out that group of half a million women.

The Pensions Policy Institute recommends that 10 years' notice be given for people to plan for a change in their pension age, and the Turner report recommended a longer period, but the plans in the Bill still give some women as little as five years, and that is simply not enough. It is just not fair to those affected to impose on them such a big change with so little notice.

Those women have relied on an implicit contract of reasonableness and fairness between government and citizens when planning their retirement, and, if the truth is that government cannot be trusted to keep its side of the bargain, how are people expected to plan for pensions saving at all? Pension saving is inherently long-term in character, but it simply will not happen if the Government make a habit of sudden policy lurches that undermine the assumptions on which people have been encouraged to build in the past, so it is no wonder so many women feel so badly let down by what the Government have done.

We are talking about a 10-year period beginning in 2016. Under the coalition's plans, unless they are to continue the current effectively zero-growth policy indefinitely, those savings are about the long-term sustainability of the pensions system, and we support, as our amendments tonight supported, the proposal to find further savings, if necessary, by bringing forward the date at which the rise to 67 years old occurs, as long as people have time to organise their affairs and to plan accordingly. The sudden unpredictable lurch, not mentioned by either coalition party in the general election campaign or in the coalition agreement, has caused the problem.

As my hon. Friend the Member for Cumbernauld, Kilsyth and Kirkintilloch East (Gregg McClymont) stated on Report, our objection to this part of the Bill is that it achieves these very large savings solely at the expense of one age cohort of women, apparently on a wholly arbitrary basis. The data are very clear. Women have substantially lower savings than men, yet a group of women—older women who have the least time to plan for the change—are being asked to bear the cost. The Bill simply fails the fairness test, and for that reason, in particular, we cannot support its Third Reading. We understand that Ministers are worried about rapidly plunging popularity among women voters and we are told that they are puzzled about why that is happening. They should just take a careful look at the unfairness in this Bill, and they will find a ready explanation there. We will not support that unfairness in the Lobby tonight, and no one else who values fairness should do so either.

The third of a million women with a wait of an extra 18 months will lose, just in state pension, pension payments averaging £7,800, and if one allows for pension credit and other passported benefits, we are talking about significantly greater sums still. Those women, if they are not working at the moment, will find it hard to find new jobs in the current labour market. Given that 37% of them are currently not in work, how are they supposed to make up that shortfall? We have been given no answers to that question.

As I think we would all agree, the design of the future pensions system should maintain inter-generational fairness. Imposing such large costs on one group of women means that the Bill fails to meet that fairness test. What became of the Burkean compact between generations to which Conservatives once subscribed?

Jenny Willott *rose—*

Stephen Timms: I will gladly give way to a non-Conservative.

Jenny Willott: Is the right hon. Gentleman able to answer the question that was posed by several hon. Members earlier in the debate, and then again by the Secretary of State, about whether he and his party would plan to repeal the proposals on women's pensions and pension age if they were to come into government after the next election, given that the changes would not have taken place by that time and they would have the opportunity to do that were they so minded?

Stephen Timms: My hon. Friend the Member for Cumbernauld, Kilsyth and Kirkintilloch East answered that question earlier in the debate. Our view is that there have been too many changes and we would not propose yet another. The hon. Lady needs to explain the justification for picking out this particular group of half a million women and treating them more harshly than everyone else whose state pension age is being raised only by one year. For a third of a million women, it is being raised by a year and a half, and for half a million, it is being raised by more than a year. We have had no explanation and no attempt at a justification. Is it an accident or some kind of mishap? It certainly should be put right, and sadly it has not been put right in the changes that the Government have made.

There are other problems in the Bill. It dilutes the plan for auto-enrolment that was supported across the House. The proposals will leave many low-paid and agency workers outside auto-enrolment, and we think that they should not be left behind. Moreover, the gains from these exclusions, in lower costs for employers, will be small. It would be quite wrong to exclude people just because they work for small companies, as the Conservative party donor Adrian Beecroft is apparently arguing. I greatly appreciate the assurances that we have had about that during the debate, and I hope that Ministers will continue stoutly to resist any such moves if they are promoted from elsewhere in the coalition. The Pensions Commission made it clear that extending the benefits of pensions saving to more people who work for small firms is one of the prizes from this reform, and we must not throw it away.

The Secretary of State is absolutely right to argue that this is a pro-growth, not an anti-growth, change in making it possible for more people to save for a decent retirement. Of course it is right to be concerned about the plight of small firms in the zero-growth economy that we seem to have. I commend to the Government the national insurance holiday for small firms that take on additional workers that is proposed by my right hon. Friend the shadow Chancellor. We remain strongly

[Stephen Timms]

supportive of the policy of auto-enrolment. We are disappointed, however, that the Government are seeking to water down the proposals around which the all-party consensus was hard won.

We welcome the consensus on the basic building blocks for a more sustainable pensions system, but the Government are quite wrong to load the cost of change so disproportionately on one group of half a million women. For a long time, they did not listen to those women at all. When they did, they came forward with a half measure. The sense of grievance that they have instilled in the women affected will not be readily dispelled. We are pleased to have won a concession, but many people will still be deeply disappointed. For that reason in particular, I urge Members to decline to give the Bill a Third Reading.

9.31 pm

Sheila Gilmore: I am glad that the politicians who sat in this House when I was born and was growing up in this country did not decide that the burden of debt was so great that they could not introduce the reforms that brought us the welfare state. It was not their view that they should stop planning, being optimistic and working towards a better future for their children and grandchildren. Despite the national debt being eye-wateringly high, our predecessors in this place were prepared to go ahead with reform and change.

Today, we have heard several speakers, including the Pensions Minister and the Secretary of State, argue that the Opposition are somehow being unfair to future generations, whereas the Government are being fair, because we would burden people with more debt. I think that our predecessors did the right thing for us. In fact, it was so much the right thing that I suspect it created the problem that we now have with longevity. The incredible improvements in life expectancy over the past 50 or 60 years have their roots in the creation of the welfare state.

Mr David Ward (Bradford East) (LD): My parents, and I suspect the hon. Lady's parents, had rationing after the war because the situation was so serious, and it was not good for many years after that.

Sheila Gilmore: Rationing, oddly enough, did a lot for people's health and well-being. For some people in Britain at that time, it did not represent a worse standard of living, although it may have done for others, because during the 1930s many families struggled to put food on their tables because of unemployment.

The point that I was making is that the vision was not constrained by the debt. Things were difficult in many ways in the post-war period, but the Government of the day were nevertheless of the view that one had to plan for the future. I am not a great pessimist about debt. I feel that the whole thing has been grossly misrepresented by Government Members. In the early years of the last decade, the Government reduced the debt. Debt was very high in the period of the last Conservative Government, which people appear to have forgotten. It is not the case that the last Labour Government simply set about building up that debt in some sort of systematic way, to the detriment of future generations, as is suggested.

Of course we have to address how to cease having annual financial deficits, and then in the medium to long term we have to reduce debt. However, at the moment the signs are at the medicine that the coalition parties are applying is not working. The chances are that, the way things are going, we will get to the end of this Parliament with a greater debt. We are already borrowing more than was projected last year, which is indeed quite frightening, but it means that we need to consider what we want to do.

I am not going to make too much of this point, because various people have made it earlier, but all Governments make choices about what they spend money on. We do not believe that the choice to accelerate the pension age rise for women is the right one. There are others that could be made, and we would be making them if we were in government. It has been said in this debate and others that if we cannot immediately identify some cut equivalent to any spending that we suggest is justified and fair, we are somehow being irresponsible. I do not accept that.

I suggested earlier a couple of things that I thought we could do, for example not ending the 50% tax rate, as some Government Members seem keen to do. The idea keeps being floated. We could also consider how we provide tax relief on the pension contributions of people on higher-rate tax earnings, because that is a huge giveaway to those who are already better off. There are a number of choices that we could make. I know that this is not the view of everyone on the Labour Benches, but personally I am not in favour of going ahead with Trident. Some of my colleagues agree with me and some do not, but the important point is that there are always choices.

I was going to say that we had driven people out of the Gallery in this debate, because when I started to speak it was completely empty. However, people have now obviously come in to hear me. People often see the subject of pensions as a bit of a bore and not very exciting, but it is hugely important. I regret greatly that the very good pensions legislation that Barbara Castle introduced, which brought in the state earnings-related pension scheme, was completely destroyed by the last Conservative Government. Had that not happened, many people would be very much better off now.

Although I very much agree with auto-enrolment, I am afraid I do not see it a complete substitute for that legislation. However, we must not move away from auto-enrolment, and I very much welcome the guarantees from the Secretary of State and the Pensions Minister that they will not agree to any delay in its rolling out. Nevertheless, for the reasons that my right hon. Friend the Member for East Ham (Stephen Timms) gave, I am not in a position to support the Bill tonight.

9.38 pm

Glenda Jackson: Regrettably, I was not here for the opening remarks of my hon. Friend the Member for Edinburgh East (Sheila Gilmore), but we are clearly of one mind. I share with her the total refusal to accept the Government's interpretation of the situation in which we find ourselves. The Secretary of State made a passionate plea that the debt should not lay a burden on our children and grandchildren, but that plea would have played rather more resonantly with me were it not for the fact that his Government are punishing our children and grandchildren even as we speak.

My parents and grandparents had absolutely no qualms whatever about laying on my generation the burden of debt incurred by fighting and winning a second world war, and I have to say that I am extremely grateful to them for that. I also point out to the Secretary of State that in the intervening decades, the opportunities that were presented to me and millions like me in this country by, as my hon. Friend said, the introduction of the welfare state, had been not only unheard of but undreamt of by people from the social and economic background from which I came. Therefore I, like her, simply refuse to accept that the choices the Government are making in every single area of our national economic life will promote growth, provide a way forward or benefit this country.

I would be more prepared to believe that the changes to the pension system that the Government have introduced—which, as my right hon. Friend the Member for East Ham (Stephen Timms) said, are grossly unfair to women—were driven by the harsh economic climate, which the Government constantly pray in aid, were it not for the fact that that measly six months will save only £1.1 billion. The Government borrow something like 10 times that amount every week. I simply cannot make the figures match—but then neither can they.

Mrs Anne Main (St Albans) (Con): I struggle to see the hon. Lady's logic in comparing a debt carried over on behalf of the nation for the second world war with a pension debt that results from the demographic fact of an ageing population for whom we must pay. Is she saying that £1.2 billion is a measly amount? If so, where would she find the other £10 billion that the Labour party are committed to spending by not voting for the Bill?

Glenda Jackson: I trust that the hon. Lady would allow me to use my own adjectives—"measly" is not a word that would immediately spring to my mind to describe £1.1 billion. The fact is that the six-month "pause", which might be a better word to use as far as the hon. Lady's view of the economy is concerned, will apparently save the nation £1.1 billion. That saving will not come in until next year, and it is doing nothing to fill the current hole. That sum is a fraction of what the Government are borrowing week in, week out, because they have markedly failed to do anything to create growth in this country. They have done little or nothing to stimulate our economy. The hon. Lady may smile and shake her head, but I was taught that the only way to get something is by earning it. That is the only way to settle debt.

Mrs Main: What does the hon. Lady think that the money we borrow every week pays for? I suggest that it pays for the debt that we are all committed to reducing.

Glenda Jackson: The hon. Lady is plucking fantasies out of the air—fantasies that the Government have been running for months. The money is certainly not paying to ensure that every child in my constituency has a school place, or that every elderly person in my constituency has secure meals on wheels, or that day centres for the elderly remain open. The Government have done nothing to encourage young people to believe that they have a future. Whatever they are doing with the money, they are certainly not stimulating growth in the country.

I must return to the issues that we are supposedly debating. The Government have imposed a gross unfairness on one half of our people: women. That unfairness is absolutely unacceptable. As I had occasion to say to the Secretary of State in an intervention, for many women in my constituency, the changes to the Bill are nothing more than a cynical attempt by the Government to re-attract the female vote, which, as they read every day in the papers, they are losing.

On the one hand, the Government have introduced this Bill, but on the other, they protest that one of their central planks is ensuring greater equality for women. They say that they want more women in the boardroom, and greater wage equality and equality of opportunity, but then they decide that when a woman has worked all her life—as has been said, she will probably have been in low-paid work, doing two or three jobs at the same time, not least looking after her family, including both children and parents—and when her employment potential is nil, she must struggle on until the state pension comes in.

I strongly and heartily endorse many aspects of auto-enrolment. I do have concerns that the Government will not introduce sufficient teeth to ensure that, if the existing pensions industry does regard auto-enrolment as a business that they would wish to enter, the proper safeguards would be in place to ensure that it remains genuinely competitive, open and transparent, so that people who have never before considered having a pension will not find—as most of us do at the moment—the pension papers to be totally obfuscating so that we are no wiser about where our money is going or what the charges are after reading them.

It will not be possible for me to vote for this Bill, but I strongly endorse auto-enrolment. I urge the Government to think again, even at this late stage, about trying to eradicate this gross unfairness from the Bill.

9.45 pm

Jenny Willott: It will not surprise hon. Members to learn that I welcome the Bill. The issue of women's state pension age has been discussed in full already today, but there is much else in the Bill to be welcomed. Many of the measures have broad support across the House, as we have already heard this evening. Auto-enrolment is, as the hon. Member for Hampstead and Kilburn (Glenda Jackson) said, critical to many people who up to now have had no pension savings and have not been in a position to save for their retirement. It is fundamental, and I support it now as I supported it when it was proposed by the previous Government.

We have to get more people saving for their retirement. Far too many people have no savings at all, and when they retire they depend entirely on the basic state pension. It was not designed to provide an adequate living; it was designed as a safety net. But for an awful lot of people it is their sole retirement income, and that is something that we need to change. For years we have been grappling with how to get more people to save, especially those on the lowest incomes. Auto-enrolment is critical, because we need to make it as easy as possible for people to save. We need to make it as easy as possible for businesses to administer, so that it becomes a no-brainer: people will automatically save for retirement without thinking twice about it, and so put themselves in a better position for their retirement.

[Jenny Willott]

Pensions are such an important issue to get right. It is not glamorous, people do not understand it, and it is very complicated. Even when I have conversations with other hon. Members about it, their eyes often glaze over. It is not an issue that people want to discuss, but it is our duty to try to make it as simple as possible for people so that as many as possible have some savings put away for their retirement and can retire in more comfort. That ties in with what my hon. Friend the Minister said earlier about the need to get means-testing out of the system, so that people know that whatever they save while they are working will benefit them in their retirement. We need to ensure that a flat-rate pension is introduced as soon as possible so that people who work, on however low an income, know that whatever they put aside during their working lives will benefit them when they retire, that they will have adequate retirement pensions, and that they will not have to rely on just the basic state pension.

I am saddened that many hon. Members feel unable to support the Bill—

Ian Murray (Edinburgh South) (Lab): I am grateful to the hon. Lady for giving way at this late hour on Third Reading. She is making a very impassioned speech about women who should save for their retirement, and that is right—but what would she say to the 500,000 women who have made savings and thought about what will happen when they retire, but who will now have to wait 18 months longer for the state pension?

Jenny Willott: I am sorry that the hon. Gentleman was not able to be in his place earlier when I explained all that. We had a long debate on exactly that point earlier. The whole point of Third Reading is to be able to expand on the issues, and I wish to put on record the fact that I am very supportive of auto-enrolment, as are many other hon. Members, and on the capping of fees, as well as other measures in the Bill that are crucial but have not had as much attention as women's pensions have. I hope that hon. Members will reconsider and feel able to support the Bill this evening, so that we can ensure that more people save for their retirement and do not have to live in poverty.

9.49 pm

Steve Baker (Wycombe) (Con): The right hon. Member for East Ham (Stephen Timms) set out his misgivings about the Bill. I share some of his trepidation about the effects on the group of women that we have discussed, but I shall be supporting the Government because I disagree with the hon. Members for Edinburgh East (Sheila Gilmore) and for Hampstead and Kilburn (Glenda Jackson), who sought to set out our financial position and compare our debt to that after the second world war. I wish that our financial context was as simple as just the size of the national debt. I have the figures and charts on my iPad: shortly after the second world war the Government were running a surplus—the second largest run since the second world war. It was beaten only in 1970. I would make another point about how the welfare state was founded.

Sheila Gilmore: In terms of annual expenditure, I do not disagree with that, but the surplus was so high partly because personal taxation levels were considerably higher than they are today.

Steve Baker: I am grateful for the hon. Lady's point, because she seems to have pre-empted me—as I rewind on my iPad back to the chart showing taxation. *[Interruption.]* Between 1940 and 1950 the total level of taxation taken out of the economy rose from about 12% to 40% and it has stayed at about 40% since 1970. The context therefore is very different. The Government can only fund themselves through taxation, borrowing and currency debasement. If I wind forward and have a look at the charts on currency debasement, I can tell her that we have been furiously debasing the currency since 1971, which is the reason for the current mess we are in.

I also point out to the hon. Lady that the Bank for International Settlements has provided a number of charts setting out the debt projections for most of the western world, all of which look catastrophic. For example, in the United Kingdom—*[Interruption.]* Aren't iPads useful! The BIS tells us that on the trajectory we inherited from Labour, our national debt would have reached 500% of gross domestic product by 2040. By then our debt interest payments would have been one quarter—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I am sure that the hon. Gentleman is using his iPad very well, but I hope that he will come to Third Reading, which he should be mentioning.

Steve Baker: The financial context now is quite different from that in previous years. If the Government were not to address the pensions crisis within a realistic financial context, we would have a financial catastrophe. We would find ourselves, by 2040, attempting to spend one quarter of GDP on debt interest. It would be catastrophic—and much as my heart goes out to those ladies who I wish were not being affected by the Bill, because of the financial position in which we find ourselves I shall, of course, support the Government.

9.52 pm

Nic Dakin (Scunthorpe) (Lab): Pensions are one of the great challenges of our age, so it is pleasing that we have been able to adopt a cross-party approach. It was begun by the previous Government, who set up the Turner review, and has been taken forward by this Government in, by and large, a sensible way—although there are areas of great concern.

Auto-enrolment is a positive development that, judging by speeches from across the House, is supported widely by Members on both sides. It will provide protection for people in their old age, and is a good thing. However, it is unfortunate that the Bill, as currently constructed, will hit young people and agency workers by putting in place a waiting period that means that they will not get all the entitlements that they should do early in their pension-building life. It is even more unfortunate that women aged 56 to 58 will be significantly penalised in a way that fails any test of fairness that the House, or anybody outside it, might apply.

Mark Durkan (Foyle) (SDLP): Does my hon. Friend agree that Government Members, in trying to defend the Bill as it now stands—with the Government's changes—are trying to pass off an improvement as a solution? They are trying to present a mitigation of the scale of an injustice as justice itself. Those of us who will be voting against the Bill on Third Reading do not believe that we have an acceptable casualty level among the women he is talking about, or that they were selected fairly or necessarily.

Nic Dakin: My hon. Friend makes the point clearly and soundly. My right hon. Friend the Member for East Ham (Stephen Timms) made it absolutely clear this evening how unfair this Bill still is, and why anyone with any sense of justice and fairness should vote against it. It is outrageous for the Government to come here this evening with a mealy-mouthed effort to satisfy the women up and down this country. I urge all Members of this House to vote against the Bill.

9.55 pm

Yasmin Qureshi: The Opposition and Government agree on many things in the pensions debate. It was the previous Labour Government who introduced the Turner commission that looked into the ageing population and the need to sort out pensions, but that is not to say that a certain group of women—about 500,000 of them—should be penalised. *[Interruption.]* Government Members are smiling and talking, but we are talking about 500,000 women who will be drastically affected by the pension cuts. Everybody talks about how we do not have enough money, but the Government have found tens of billions of pounds for quantitative easing, and they can waste £3 billion on the unnecessary transformation or reorganisation of the NHS, and yet they find it difficult to find money for those ladies.

The Labour Government also wanted to introduce auto-enrolment, but under our proposals many more people would have benefited through enrolling automatically at £5,000; now the figure is £7,475, which means that 600,000 people will not be able to enrol automatically in a pension scheme, which again will hit women disproportionately. The Government have indicated that the rise is in line with income tax, but we know that in the next few years or so the increase will continue, which will exclude 1.5 million to 2 million people, as compared with the Labour party's original plan. The Government have also introduced a three-month waiting period before auto-enrolment, which they predict will result in 500,000 fewer people being automatically enrolled in a pension scheme. We estimate that each person will have about 11 different employers overall. I know that it is very late—there are only three minutes to go—but in light of what has happened and the fact that 500,000 women will be affected, along with 600,000 people who will be affected by the changes in auto-enrolment, I would urge the Government to reconsider.

Hon. Members have claimed that the Labour party did nothing about pensions when it was in power, but we should remember that in 1997, after years of Conservative government, the biggest challenge that we faced was tackling pensioner poverty and improving older people's quality of life. Between 1979 and 1997, the state pension declined from 20% of average male earnings to 14%. In 1997, 29% of our pensioners were living in poverty, which was absolutely disgraceful. Between 1997 and 2010, Labour made huge achievements, of which we are proud. Average gross pensioner income increased by more than 40% in real terms, ahead of the growth in average earnings. More than 1 million people were lifted out of poverty, with no pensioner living on less than £130 a week, compared with £69 a week in 1997.

The winter fuel allowance, free off-peak travel on local buses for 11 million people over 60, free TV licences for the over-75s and an increased threshold to ensure that 60% of pensioners pay no tax at all have made a difference. Those policies cost money, and of course money was spent, but this Government might remember that, when they were in opposition, they agreed to all Labour's expenditure plans. For them now to turn round and say that they did not know what was going to happen, or that they did not know how much money there was in the Treasury, is completely wrong. The coalition agreement stated that there would be cross-party consensus on this matter, and at that point, the Government knew exactly what the state of the finances was. At the last minute, however, those promises have been reneged on, and they are not the only ones—

10 pm

Debate interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83E), That the Bill be now read the Third time.

The House divided: Ayes 287, Noes 242.

Division No. 368] **[10 pm**

AYES

Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bradley, Karen
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chope, Mr Christopher
Clappison, Mr James
Clarke, rh Mr Kenneth
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crockart, Mike
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael

Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mark
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunter, Mark
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Latham, Pauline
Leadsom, Andrea
Lee, Jessica
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Penning, Mike
Penrose, John
Perry, Claire
Phillips, Stephen
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Raab, Mr Dominic
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Soames, rh Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Timpson, Mr Edward
Tomlinson, Justin
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Ward, Mr David
Watkinson, Angela
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Stephen Crabb and
James Duddridge

NOES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Berger, Luciana
Betts, Mr Clive
Blears, rh Hazel
Blenkinsop, Tom
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Dobbin, Jim

Docherty, Thomas
Dodds, rh Mr Nigel
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Gilmore, Sheila
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Keeley, Barbara
Kendall, Liz
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Long, Naomi
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Paisley, Ian
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Yvonne Fovargue and
Nic Dakin

Question accordingly agreed to.

Bill read the Third time and passed, with amendments.

Business without Debate

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

Migration, Mobility and Security

That this House takes note of European Union Document No. 10784/11, a Commission Communication: A dialogue for migration, mobility and security with the Southern Mediterranean countries; and supports the Government's aim of working with other Member States to strengthen practical co-operation with Southern Mediterranean States on migration.—*(Jeremy Wright.)*

Question agreed to.

PETITIONS

Recognition of Palestine as an Independent State

10.16 pm

Hugh Bayley (York Central) (Lab): I wish to present to the House the following petition, which was signed by Terry Gallogly of Lowther court in York and supported by a further 79 people who live in the city I represent.

The petition states:

The Petition of York Palestine Solidarity Campaign and the people of York,

Declares that the Petitioners note that since 1993 the Palestinian Authority has been involved in fruitless negotiations that have still not resulted in freedom; that the number of Israeli settlers living illegally on Palestinian territory has more than doubled, large areas of land have been stolen, over 600 checkpoints prevent freedom of movement to schools and hospitals, and a wall, declared illegal by an international court 7 years ago, continues to be built; and that this September, with no end to the Occupation in sight, and with the support of many countries, the Palestinian Authority will apply to the United Nations for recognition of Palestine as an independent state.

The Petitioners therefore request that the House of Commons urges the Government to formally recognise the right of the Palestinian people for self-determination and the right of Palestinian

[Hugh Bayley]

refugees to be able to return in freedom to their homes, and calls on the Government to work urgently for just solution in the region.

And the Petitioners remain, etc.

[P000964]

Proposed Cuts to BBC Radio Merseyside

10.18 pm

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I rise to present a petition from radio listeners throughout Merseyside. The petition was collected online and on the streets of Liverpool. I am sure that many more people would have liked to have signed it, but time is of the essence, which is why I am submitting it today. Nevertheless, there are in the region of 2,000 signatories to the petition, along with many testimonials.

The petition states:

The Petition of listeners to BBC Radio Merseyside,

Declares that the Petitioners oppose the 20% cut to BBC Radio Merseyside's budget proposed by the BBC management; that the Petitioners note that BBC Radio Merseyside is the most listened to of the BBC's 39 local radio stations outside of London with over 300,000 listeners who tune in for an average of 16.2 hours per week to popular programmes such as the Roger Phillips Show and the Billy Butler Show; further note that there are more staff at Radio 4 who work on the You and Yours programme than the whole of the current team of BBC Radio Merseyside; and that the Petitioners believe any efficiency savings should be fairly distributed, protecting local services and jobs where possible, in order to guarantee quality of programming which remains locally relevant and to preserve a service that is depended on by millions of listeners up and down the country, rather than maintaining the budgets of bigger channels and national radio stations.

The Petitioners therefore request that the House of Commons urges the Government to encourage the BBC to reconsider its cuts to BBC local radio.

And the Petitioners remain, etc.

[P000965]

Marine Management Organisation

Motion made, and Question proposed, That this House do now adjourn.—*(James Duddridge.)*

10.20 pm

Sarah Newton (Truro and Falmouth) (Con): I am grateful for the opportunity to raise an issue of great concern to my constituency and many maritime constituencies around our shores. The UK marine area covers an area three and a half times the UK land mass. It is rich in marine life and natural resources, which form the basis of human economic activities estimated to be worth £46 billion in 2005-06. Some of those pose a risk to the integrity of marine ecosystems, with impacts growing because of pressures such as large-scale marine renewable energy developments. Current activities have resulted in a crowded marine area, including licensed developments and areas of high fishing effort. Concerns over the degradation of the marine environment have led to a range of new policies, culminating in legislation and the Marine and Coastal Access Act 2009.

The most significant aspect of that Act is the introduction of marine planning: a framework for decisions on marine activities aimed at reducing user conflict and encouraging an "ecosystem-based approach". Planning, as described in the Act, aims to promote economic activity, as well as to integrate environmental protection into decision making. I have read the *Hansard* record of the Committee stage of that Bill and know that the then Minister was keen to ensure that the Bill achieved the right balance between sustainable development and environmental protection.

The Marine Management Organisation was created as the main delivery agency for the new planning and licensing regime, but Natural England and the Joint Nature Conservation Committee have the main role in the pre-designation of marine protection areas. I have met its chairman and chief executive, who are trying to deliver the aims of their organisation. All the comments I am about to make relate not to their performance in managing the organisation, but rather to the structure of the processes they have inherited.

The key challenge facing the marine planning system that I am experiencing in the port of Falmouth and the Carrick Roads is resolving the inevitable conflicts between policy objectives to ensure the integration of the social, economic and environmental needs of the area. Given the limited amount of time available to me, I will summarise the area briefly. It is the third largest natural harbour in the world; home of the last commercial oyster fishing fleet under sail in Europe; host to a thriving ship repair business; host to the Royal Fleet Auxiliary Service fleet; home to world-class super-yacht builders Pendennis; and home to a range of marine renewable businesses. It is also a centre of world-class yachting and sailing, including the home base of British Olympic sailor Ben Ainslie. It has a special area of conservation and areas of sites of special scientific interest. Having grown up there, I can testify to the huge improvements that have been made to the quality of water and the natural environment, which all Falmouthians very much value.

All concerned with the new marine planning process acknowledge the challenges involved. Putting 25% of England's marine environment under "protection" in a relatively short time, given the severely resource-constrained situation the Government find themselves in, is deeply concerning. The uncertainties in planning decisions as a result of knowledge gaps, and sometimes competing scientific evidence is of particular concern. Effective marine management requires sound evidence and monitoring. A Centre for Environment, Fisheries and Aquaculture Science report in 2010 entitled "Marine Survey Needs to Underpin Defra Policy" identifies a shortage of data necessary for marine planning. It also states that much of the evidence to be used in designation is subject to a medium or low level of confidence.

About 10% of the UK continental shelf is currently mapped in detail by survey or observation. To fill gaps, projects such as UKSeaMap produce broad-scale predictive habitat maps based on best available data, but confidence in some of the designations is as low as 20%. Direct mapping is expensive: the cost is estimated to be £210 million over seven years to map the rest of the UK's regional seas to scales relevant to marine habitats, and there are limited funds to undertake such surveys.

Given the emphasis on evidence-based policy needing to be based on the best possible science, I want the Minister to consider the following recommendations about the guidance the Department for Environment, Food and Rural Affairs gives to the MMO, which has the job of licensing activity in the marine environment, such as dredging, as well as establishing a network of marine protected areas, include marine conservation zones and reference sites. To undertake that work, the MMO is using the DEFRA-produced "A description of the marine planning system for England". That is quite a general document and it would be relatively straightforward for the Minister to issue additional guidance to bring in the changes I recommend, which would not need any primary legislation.

The additional guidance I want the Minister to consider stems from the need to access the broadest and best possible evidence base for appropriate decisions to be taken. As the Minister is aware, Natural England and the JNCC are the Government's statutory nature conservation advisers in the English and UK offshore marine area, yet there is a wealth of knowledge in coastal communities, academic institutions around the UK and even internationally that I believe should be used in addition to the expertise of those organisations. Marine science is a fast-growing academic discipline and the MMO should be enabled to extend the range of organisations and people that can provide scientific evidence to enable its independent decision making. The quality of evidence should be paramount, whether or not it comes from Natural England or the JNCC. Of course, any organisation or person would have to demonstrate their ability to carry out the task and their work should be open to scrutiny and challenge. I believe their evidence should be considered on a level playing field and on equal terms with that of Natural England and the JNCC.

I also want the Minister to consider extending the limited appeals system. Generally speaking, the terrestrial planning system does not extend below the low tide mark, so the normal planning appeals process does not apply. The 2009 Act does not appear to set out an equivalent appeals process for planning decisions, although it does allow for one to be set out by regulations under section 37 for appeals against licensing decisions. I note the Department of Energy and Climate Change and DEFRA's recent consultation on licensing under part 4, including appeals on decisions.

The marine planning system for England March 2011 document states in paragraph 5.61 that appeals against the refusal of terrestrial planning permission and inquiries are dealt with by the Planning Inspectorate and it goes on to say that the Planning Inspectorate could be involved in independent investigations within the marine planning system. If an independent investigation is required, an investigator will be appointed to provide advice and recommendations on how issues may be resolved and plans may be improved. The final format that the investigation will take is decided by the Secretary of State on the advice of the MMO. It is essential that these powers should be made available in the predetermination stage of marine protection designations as well as in relation to decisions the MMO will make post-designation in the management of marine protected areas.

The potential economic and social impact of designation of marine protected areas on coastal communities is so significant that it demands an appropriate appeals process. Decisions of such magnitude would not be made on the land without an appropriate appeals process. With the recent publication of the list of potential sites, there has been a huge outcry in my constituency at the potential designation of part of the Fal estuary as a marine protected area and a reference site.

Falmouth town council is united in strongly opposing the plans, stating that

> "the proposal…threatens 350 years of history and shipping power in this port".

The impact of the designation upon the recreational use of the Fal estuary has also aroused anger. Referring to the effect of the designation on a long and proud history of sailing boat racing on the Fal, Falmouth race officer Walter Amos has stated:

> "The proposal would put an end to 150 years of tradition, cause enormous resentment, and have considerable economic consequences."

Andrew George (St Ives) (LD): My hon. Friend is making a strong case, particularly regarding reference sites. The Minister and I served our time on the Bill that became the Marine and Coastal Access Act 2009, and what my hon. Friend says is absolutely right: what we need in relation to reference sites is consultation and the opportunity for appeals, as with my constituency and the Cape Bank reference site. Low-impact fishing takes place there at the moment, but that would be stopped, with the unintended consequence of discouraging the very type of fishing that I should have thought the Act was intended to protect.

Sarah Newton: I thank my hon. Friend for that very helpful intervention.

Richard Gates, the Falmouth town centre manager, has added his voice to the chorus of local residents opposing the plans, commenting:

> "We live in a beautiful part of the country and certainly are very environmentally aware but this cannot be at the detriment of people's livelihoods and leisure when many people are working so hard to develop the area".

I am sure that Falmouth and, as my hon. Friend the Member for St Ives (Andrew George) has pointed out, other parts of Cornwall are not the only coastal

[Sarah Newton]

communities that feel that the current recommended sites for marine protected areas are inappropriate because they fail to meet the fundamental aim of creating areas that strike the right balance between sustainable economic, social and environmental protection.

Dr Thérèse Coffey (Suffolk Coastal) (Con): My hon. Friend's description of her beautiful constituency could be substituted for mine, with Aldeburgh and the River Alde. Is it not the case that constituents feel that designations are being slapped on top of existing special protection areas simply because the data are available, rather than other parts of the coast being sought that could easily fulfil the criteria for marine conservation zones?

Sarah Newton: I am very grateful for those comments. My hon. Friend anticipates a point that I was going to make but now do not need to make. I think that issue is a real problem.

Perhaps it is not surprising that this has happened because the lead agencies tasked with drawing up the list of potential sites, the JNCC and Natural England, have as their primary purpose environmental protection and conservation. What is not part of their remit is what the Act clearly set out to achieve—balancing the social, economic and environmental needs of communities.

I appreciate that the Minister has inherited the current process and would not have designed one that led to the current situation, where there is so much genuine outrage and concern, but that is where we are today. It is a matter of great importance to coastal communities that measures are urgently taken to enable greater use of all the available evidence base by decision makers, rather than their relying almost entirely on Natural England and the JNCC. An open, transparent appeals process for both pre and post-designation decision making needs to be established urgently.

Given that the deadline for the establishment of the marine protected areas sites is 2012 and that the sites are being consulted on as we speak, I hope the Minister can reassure me that he will consider these recommendations so that the implementation of the very worthy aims of the Act command the respect of coastal communities. It is vital that people who might be adversely affected by the implementation of the Act are thoroughly involved, which they have not been so far. Making the new planning system work depends on building a consensus and support that can be achieved only if all concerned have confidence in the system that is used to reach conclusions. Sadly, that is very much missing at the moment. Politicians are elected to use their judgment and are democratically accountable. I hope that the Minister can reassure us tonight that he will exercise his judgment and democratic accountability to ensure that there is a common-sense approach to marine planning.

10.34 pm

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): I thank you, Mr Deputy Speaker, for calling me to speak. I congratulate my hon. Friend the Member for Truro and Falmouth (Sarah Newton) on securing the debate and thank her for allowing me to participate in it. I am well aware that the setting up of the MMO in the previous Parliament was a contentious issue that caused frustration in my constituency.

My predecessor fought valiantly to convince her own Labour Front-Bench team in DEFRA that the MMO should be located in the south-west. After all, the peninsula has 30% of the UK's coastline and Plymouth is a global player with the Royal Navy, the Plymouth Marine Laboratory, Plymouth university, the Marine Biological Association, the Sir Alister Hardy Foundation for Ocean Science and the National Marine Aquarium all based in my Plymouth, Sutton and Devonport constituency. Plymouth is a fishing port as well. I suspect that the decision to locate the MMO in Newcastle was a political one, aimed at satisfying Labour Members of Parliament in the north. With only three Labour Members of Parliament in Devon and Cornwall by 2005, I am afraid my predecessor's views were rather disregarded.

I suspect that things have gone too far and that it would be inappropriate to move the MMO to Plymouth or the south-west, especially in the present financial climate when we have to be very careful with taxpayers' money. We need to ensure that money is spent wisely. However, will my hon. Friend the Minister consider whether a small satellite office might be set up in Plymouth, or if some funding could be given to the university to host a few officials who could liaise with the MMO and make sure that the south-west is well represented?

In the short time available to me, I want to welcome the MMO's commitment to evidence-based and transparent decision making. I welcome the proposals to develop Falmouth port, as this will deliver a cluster approach to economic development in the south-west. Like Plymouth, it is of regional economic significance and could potentially be a key test of the MMO's commitment to sustainable development, but I seek an assurance from the Minister that the MMO will work with its statutory conservation advisers to scrutinise the quality of evidence and ensure that robust processes are in place.

I was concerned to see a recent independent review of Natural England's quality assurance processes that outlined a number of significant issues in relation to advice on the marine environment. The review contained a range of recommendations so that Natural England is brought into line with recognised good practice. Will the Minister assure the House that Natural England is committed to working with the MMO to provide high quality advice that is subject to independent peer review and scrutiny?

The way we manage our seas is becoming increasingly important as they become a barometer for global warming. If they want to carry all interested parties and users of the seas with them, Ministers will need to ensure that there is a significant amount of public consultation.

10.37 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): I congratulate my hon. Friend the Member for Truro and Falmouth (Sarah Newton) on securing the debate on such an important issue for her constituents. I thank other hon. Members for their contributions.

The Marine Management Organisation was created just 18 months ago, with cross-party support. As a non-departmental public body, it carries out its function with technical expertise, impartiality and transparency, and at arm's length from Ministers, but it is accountable to both Ministers and Parliament. At the outset, I pay tribute to the MMO and to its staff. Its remit is very diverse. It continues to mature and is tackling a range of challenging issues. It manages our fisheries; it is delivering marine planning; it is working with others to create and manage a network of marine protected areas and to carry out marine licensing. Within its broad remit, the MMO is required to manage its activities with the objective of making a contribution to sustainable development, in a consistent and co-ordinated manner and taking account of all relevant facts and matters.

The MMO's decisions should be impartial and based on best available evidence, taking into account the potential benefits and anticipated adverse impacts. It also needs to ensure that its decisions comply with statutory requirements under UK and EU legislation and are consistent with our international obligations. All that sounds straightforward in theory, but the decisions that the MMO has to make, whether about opening and closing fisheries, licensing construction or applications to the European fisheries fund have real-world impacts and directly affect people's livelihoods, something that I believe the MMO is acutely aware of. The MMO will never be able to please all the people all the time, and decisions will sometimes adversely affect some more than others, but for that reason the MMO stresses the importance of transparency and impartiality. The MMO has been exemplary in ensuring that the information it bases its decisions on is publicly available, and it is helpful for people to be able to see how it makes its decisions, particularly when they are relatively controversial.

One cornerstone of the 2009 Act was to introduce a streamlined licensing system and marine planning in order to contribute to the sustainable development of our seas. That streamlined licensing system was introduced in April, the first marine plans will be in place in 2013 and, to guide the MMO, DEFRA has produced statutory guidance on sustainable development. It refers to the UK marine policy statement, which was adopted in March as the framework for planning and decision making in the marine environment in order to ensure a consistent approach throughout the UK and to contribute to sustainable development.

At the same time, DEFRA produced the description for the marine planning process in England so that the MMO could take it forward and produce subsequent guidance on how marine planning will work, and it is an absolute priority of this Government to ensure that, when we view our seas, we do so holistically. For too long we have looked down the silos of fisheries, conservation or marine licensing, but now, at last, we are developing the means to look at the marine environment as a whole. That is long overdue, and it will assist the constituents of my hon. Friends and others, who at the moment have to follow an entirely application-led process. Marine planning, like terrestrial planning, will be a great advantage to them.

Jim Shannon (Strangford) (DUP): The hon. Gentleman refers to involvement with other parts of the United Kingdom, and there is an impact on the devolved Administrations of Scotland, Northern Ireland and Wales, because they have responsibility for fishing, so can he confirm that he will consult the devolved Administrations to ensure that there is a uniform approach to fishing?

Richard Benyon: I make it my business to confer with my devolved colleagues regularly, and I will do so on Thursday and Friday in Luxembourg and with the Northern Ireland Minister and other devolved Ministers in Newcastle in the very near future. I can assure the hon. Gentleman that I make it my business to ensure that we, as a UK group of Ministers, talk together and recognise that we cannot look at our seas just in terms of the countries that make up the United Kingdom; we have to look at them holistically.

My hon. Friend the Member for Truro and Falmouth mentioned the appeals process, and one important feature of the new licensing system is the introduction of just such a process. An applicant for a marine licence will be able to appeal against a decision made by the licensing authority on their application. That includes a decision not to grant a licence, conditions attached to a licence or the length of a licence, and the Planning Inspectorate—PINS—will manage and decide appeals against licensing decisions made by the licensing authority.

We have closely aligned our processes to those for terrestrial planning appeals, as we expect there to be benefits in developing a system that is consistent with current practice. For example, a familiar process should be easier for PINS to implement and for appellants to understand and follow.

Similarly, for marine planning, as my hon. Friend said, there will be the option for independent investigations of a marine plan, and PINS will carry out those, too. Should an independent investigation be needed, it will take place after the consultation on a proposed marine plan and before adoption by the Secretary of State.

Clarity, transparency and the involvement of as many stakeholders and communities as possible are important in marine planning and licensing. Similarly, although the MMO relies on advice from Natural England and the Joint Nature Conservation Committee as statutory consultees when making many of its decisions, it none the less draws on a wider evidence base in delivering its work. Naturally, this includes research commissioned by DEFRA and carried out by the Centre for Environment, Fisheries and Aquaculture Science and many other expert organisations, as well as studies commissioned directly by the MMO.

Indeed, the constituency of my hon. Friend the Member for Plymouth, Sutton and Devonport (Oliver Colvile) is a well-known international hub of expertise in marine science, and precisely those resources are available to and used by the MMO for the evidence that it needs. It is essential that it should be able to have access to the best information available, including information submitted during public consultations. I can give my hon. Friends the absolute assurance that, in our reviews of the performance of the MMO, we will ensure that it is taking all the best evidence available and is not only listening to the statutory conservation bodies but registering a serious attempt to widen its reach in terms of the advice it receives.

My hon. Friend may also wish for some clarification of the marine conservation zone process. The identification of MCZs has been stakeholder-led operation from the outset, managed by the statutory nature conservation bodies, Natural England and the JNCC. The statutory nature conservation bodies established four regional MCZ projects—Balanced Seas, Finding Sanctuary, Net Gain and the Irish sea conservation zones—and these

[Richard Benyon]

provided advice about which MCZs should be brought forward. I can tell hon. Members, if they have not witnessed it, that it has been a tortuous process with many hours of work, and it has brought forward some suggestions at this stage.

Each project established stakeholder groups made up of a variety of key interested parties in their regions to examine the evidence and put forward site recommendations and associated impact assessments. To that end, it is the stakeholders who have been responsible for developing the recommendations on location, conservation objectives and management measures options of any MCZs in their region, and they have had a real opportunity to shape and influence the decisions that the Government will make.

On 8 September, the regional MCZ projects submitted their final MCZ recommendations to the independent Science Advisory Panel and the statutory nature conservation bodies for review. In total, there are 127 recommended MCZ sites. Across all four projects, over 2,500 interviews were conducted with stakeholders, and detailed discussions took place during the course of 155 stakeholder meetings. Over 1 million individuals' interests have been represented through the MCZ stakeholder groups. Once the advice from the panel and the statutory nature conservation bodies is received, Ministers—I stress, Ministers themselves—will examine all the evidence before deciding which sites to put forward for public consultation. The public consultation will be yet another opportunity for stakeholders to present their views on proposals and for any further new evidence to be submitted. Only after all this evidence has been collated and reviewed will Ministers designate MCZs.

I conclude by reiterating the scale of the challenge facing the MMO and Ministers as we seek to grapple with exceedingly complex issues that, as my hon. Friends have eloquently noted, stir a great deal of interest and passion around coastal Britain. I look forward to continuing that vigorous discussion as we move forward through the process of designating marine conservation zones and managing our vital marine resources.

Question put and agreed to.

10.48 pm

House adjourned.

House of Commons

Wednesday 19 October 2011

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Dissident Groups

1. **Mr David Hanson** (Delyn) (Lab): What recent discussions he has had with the Northern Ireland Executive on the threat from dissident groups. [74403]

3. **Jack Lopresti** (Filton and Bradley Stoke) (Con): What recent assessment he has made of the threat posed by terrorist groups in Northern Ireland. [74405]

11. **Diana Johnson** (Kingston upon Hull North) (Lab): What recent assessment he has made of dissident activity in Northern Ireland; and if he will make a statement. [74414]

The Secretary of State for Northern Ireland (Mr Owen Paterson): With permission, Mr Speaker, I will answer Questions 1, 3, 8 and 11 together.

The threat level in Northern Ireland remains at severe, and we continue to work closely with our partners in the Police Service of Northern Ireland, the Northern Ireland Executive and the Irish Government to counter that threat. We are not complacent, and this Government remain totally committed to ensuring that the Chief Constable has the necessary resources to deal with the threat posed by those terrorist groups.

Mr Hanson: Does the Secretary of State welcome the many hundreds of people who came out in the constituency of my hon. Friend the Member for Foyle (Mark Durkan) last week to protest against the bombing for the second time of the city of culture office in the city of Derry? Does the right hon. Gentleman agree that they represent the true voice of Northern Ireland, and will he work with the Northern Ireland Executive to ensure that nothing deflects from the city of culture programme taking place in Derry?

Mr Paterson: I am grateful to the right hon. Gentleman for this question and entirely endorse his comments. It is quite extraordinary, when we think of how that city is coming together, united behind the city of culture programme, which is coming along soon, that that tiny number of unrepresentative people could do such a crazily reckless thing. The demonstration of people coming out on to the street shows the support that exists for the settlement and for the PSNI, and that was endorsed this morning in my conversation with the Northern Ireland Justice Minister, Mr David Ford.

Jack Lopresti: Does my right hon. Friend agree that the recent unanimous support from all parts of the Northern Ireland Assembly for the Police Service of Northern Ireland in dealing with the dissident threat sends a clear message that those organisations will not succeed?

Mr Paterson: I am grateful to my hon. Friend for that question, which follows on from what I have just said. He is absolutely right to draw attention to the fact that we now have a police service that is wholly accountable to a democratically elected Justice Minister and a democratically elected Policing Board, on which all parties sit.

Mr Speaker: Mr Patrick Mercer. Not here.

Diana Johnson: Is the security situation worse or better than it was a year ago?

Mr Paterson: I am very grateful to the hon. Lady for that question, and as she knows we have put in very significant extra resources, with £200 million going in over the next four years, backed by the Executive putting in a further £45 million. In discussions with the PSNI, we are determined to bear down on those groups, which are dangerous, and we are not complacent about them.

To answer the hon. Lady's question directly, we have slowed down the increase in such activity which we saw when we came into office, but there is definitely more work to do, and none of us should underestimate the danger that that small number of people represent not just to the police, but to people going about their everyday business.

Mr Nigel Dodds (Belfast North) (DUP): I endorse what the Secretary of State has already said about the lack of support from all parts for dissident groups in Northern Ireland, but on combating the dissident threat, what is he doing to strike at their source of funding and their raising of finances, particularly through illicit fuel laundering and other sources of revenue? What is happening to tackle that?

Mr Paterson: I am grateful to the right hon. Gentleman for that question, because it gives me an opportunity to make clear to the House the remarkable successes that the PSNI has pulled off, stopping fuel laundering and making some very significant arrests on illegal cigarettes. We should all remember the extraordinary level of co-operation that we now have between the PSNI and the Garda, working both sides of the border, because such activity is not restricted to the north.

Mr Dodds: I am grateful for the Secretary of State's answer, but he will know that, as well as finance helping the dissident terrorists, one thing on which such people thrive is the hope that they are dictating the Government's agenda. On that point, they have taken great comfort and solace from the fact that the Ministry of Defence decided not to allow a homecoming parade for the Royal Irish and the Irish Guards in Belfast. Will he continue his efforts and speak to the MOD about that issue, which has gone down very badly in all quarters of Northern Ireland, especially when such parades have been allowed elsewhere throughout the Province? Will he have a word with the Ministry of Defence on that?

Mr Paterson: I am grateful for that question, too, because I can now clarify that I have regular discussions with the Ministry of Defence. I went to Balmoral showground and I was there with the First Minister when the Royal Irish Regiment and the Irish Guards put on a wonderful demonstration and were warmly welcomed by a large number of people. That was agreed by the Ministry of Defence with the city council.

Vernon Coaker (Gedling) (Lab): Recently there have been two bombs found in south Belfast, a bomb found in Bradbury place, and a pipe bomb left on the windowsill of a Polish couple on an estate in Antrim. These are in addition to the other bombs and outrages of which the Secretary of State will be aware. This is totally unacceptable. People have a right to live without fear and intimidation in any community. It is welcome that these attacks have been widely condemned as the work of a very small number of people who seem determined to turn the clock back. What is the latest assessment that the Secretary of State and the Northern Ireland Executive have made about the dissidents' capabilities, and what steps have they agreed to take to combat their activities?

Mr Paterson: I very much welcome the hon. Gentleman to his first Northern Ireland questions. As I said in the statement last week, Northern Ireland would not have progressed to where it has without the extremely close co-operation of the main political parties, not just in the UK but in Dublin and Washington. I very much look forward to working with him and wish him well in his difficult role.

As the hon. Gentleman knows, we work extremely closely with the Justice Minister, David Ford, and, as I have already said, we work very closely with the authorities in Dublin, and our assessment is that these groups are still dangerous. He has rightly cited a number of recent incidents which are absolutely outrageous and which are wholly exceptional. The vast majority of people in Northern Ireland want to grab this wonderful opportunity to move Northern Ireland on, and so we will guarantee to work extremely closely with the Police Service of Northern Ireland, the Justice Minister, and the Garda in Dublin.

Vernon Coaker: I thank the Secretary of State for his kind words. I will certainly try to work with him and others for the good of the people of Northern Ireland.

What plans does the Secretary of State have to use his role in working with Northern Ireland ministerial colleagues to promote Londonderry/Derry as the UK city of culture 2013 both nationally and internationally? Is it not the case, as my right hon. Friend the Member for Delyn (Mr Hanson) said, that one very powerful way of combating any dissident threat is to give a positive image of what the city and the whole of Northern Ireland can offer in terms of culture, and to give a true reflection of the people of Northern Ireland, in stark contrast to those who so recently caused outrage when they attacked the city of culture offices?

Mr Speaker: We now need to speed up. I call the Secretary of State.

Mr Paterson: I am very grateful for the hon. Gentleman's question and totally endorse it. I was at the launch of the city of culture with the First Minister and the Deputy First Minister, but the key people there were the young people who put on the film and the soundtrack by Snow Patrol, which wowed the judges; Phil Redmond confirmed that it was the thing that really swung it. That is a complete celebration of everything good that is going on in that city, as was the opening of the bridge this year. The tiny number of crazy people putting bombs outside the offices are unrepresentative, and they will not succeed.

Mr Speaker: I am extremely grateful. We will now move on with rather greater dispatch, I hope.

Legacy Issues

2. **Paul Murphy** (Torfaen) (Lab): What plans he has to publish his conclusions on legacy issues in Northern Ireland. [74404]

The Secretary of State for Northern Ireland (Mr Owen Paterson): My right hon. Friend the Minister of State and I have been meeting a range of political parties and victims' groups to discuss the issue of dealing with the past. So far, we have not found consensus. While the Government have a role to play, the way forward on this matter must come from within Northern Ireland.

Paul Murphy: The Secretary of State is of course right that solutions must come from within Northern Ireland, but he will realise that there is now widespread opposition to his proposal for a semi-inquiry into the Pat Finucane case. Does he understand that by going ahead with his proposal, £1.5 million is likely to be wasted, and will he now rethink?

Mr Paterson: I am grateful to the right hon. Gentleman for his question, and I pay tribute to him, as I did last week in the statement. I am sorry that we disagree on this. He committed to a public inquiry, but he then passed the Inquiries Act 2005, which was the stumbling block. We inherited a complete impasse; this was going nowhere. We think that by accepting the conclusion of the Stevens inquiry, which is possibly the largest police inquiry in British history, and by having the family to Downing street for a fulsome apology, we can now concentrate on what is really important, which I raised with the family when I first met them—namely, to get to the truth as fast possible. That is why we have gone down this route of appointing a well-respected international lawyer and giving him very wide powers to get to the truth by December next year.

Ms Margaret Ritchie (South Down) (SDLP): I thank the Secretary of State for his answer. However, given the political sensitivity surrounding legacy issues and the fact that the greatest legacy issue in Northern Ireland is the murder of Pat Finucane, will he reflect on the comments of the Minister for Foreign Affairs and Trade in Dublin and of members of the Finucane family, and realise that this could undermine the very architecture of the Good Friday agreement? Will he now redress the situation and ensure that there is an independent judicial inquiry into—

Mr Speaker: Order. We must have time for the answers as well.

Mr Paterson: I am afraid that I simply do not agree. We inherited an impasse and have come up with a solution. I have talked to senior members of the Irish Government and I talked to the Tánaiste this week after he had seen the family. On this issue, sadly, we will simply disagree with them. We will not let this one issue undermine the extraordinarily good relations we have with the Republic, nor will we let it undermine the settlement. If the hon. Lady had been at Hillsborough last night and seen people from right across the community welcoming the President, she would have seen just how far Northern Ireland has moved on. We are all determined to keep that going.

David Simpson (Upper Bann) (DUP): One legacy issue that has never been addressed is the role played by elements of the Republic of Ireland's Government in creating, financing, training and arming the Provisional IRA, and Dublin's shielding of the provos by refusing to co-operate fully with extradition. Does the Secretary of State accept that the families in Birmingham, Warrington, London, Aldershot and elsewhere deserve to see Enda Kenny step to the mark, acknowledge the failings of the southern Government and formally apologise for those killings?

Mr Paterson: I think that it is outside my remit. If the hon. Gentleman has questions that he would like to address to the Government of the Republic, he should write to them direct.

West Lothian Question

4. **Harriett Baldwin** (West Worcestershire) (Con): What recent discussions he has had with the Deputy Prime Minister on the commission to consider the West Lothian question. [74406]

The Minister of State, Northern Ireland Office (Mr Hugo Swire): In September, the Government set out the steps that we are taking to establish a commission on the West Lothian question. Northern Ireland Office Ministers and officials will continue to have regular discussions with the Deputy Prime Minister and his office on this and a range of other issues.

Harriett Baldwin: The Minister will know that the West Lothian question is also known as the West Belfast question. Does he agree that it is important that the commission comes to a conclusion relatively quickly in order for steps to be taken to resolve this tricky constitutional issue before the next election?

Mr Swire: Yes, I believe—as do the Government, which is lucky—that we need this commission. I think that we will hear its terms of reference shortly. When it is set up, it should conclude quite quickly. No doubt my hon. Friend, who has campaigned assiduously on this matter, will wish to give the commission the benefit of her views.

Ian Paisley (North Antrim) (DUP): Does the Minister agree that the creation of a two-tier Parliament here would be against the interests of the United Kingdom and the interests of Unionism throughout the United Kingdom? Does he further agree that if he were to proceed along the way of the West Lothian question, he would have to stand at that Dispatch Box and argue for double jobbing? Is that not against the interests of his Government?

Mr Swire: I think that the hon. Gentleman knows our views on double jobbing in relation to Northern Ireland. He will equally know of my view that everybody in this place is equal. I take a rather more positive view than he does. The Governments in Edinburgh and Cardiff and the Executive in Northern Ireland are up and running and functioning. I therefore believe that it is time we looked at how parliamentary business—the business of this House—can be done better to reflect a post-devolution United Kingdom. That is what the commission will look at. That should reinforce the strength of the Union—something in which he and I both believe.

Credit Unions

5. **Mark Durkan** (Foyle) (SDLP): What discussions he has had with ministerial colleagues on the regulation of credit unions in Northern Ireland. [74407]

The Minister of State, Northern Ireland Office (Mr Hugo Swire): Following discussions between Treasury Ministers and the Department of Enterprise, Trade and Investment, the Treasury and the Financial Services Authority published a joint consultation paper in August setting out proposals for the transfer of the regulation of Northern Ireland credit unions from DETI to the FSA on 31 March 2012. *[Interruption.]*

Mr Speaker: Order. There are far too many private conversations taking place in the Chamber, notably on the Opposition Benches. I would have thought that everybody would want to hear Mr Mark Durkan.

Mark Durkan: I thank the Minister for that reply. Tomorrow is international credit union day, and credit unions in Northern Ireland have been waiting for the change that he described for a long time so that they can offer their members a much greater range of services. Will he assure us that his work with Treasury Ministers will mean that the primary legislation will be adequate, the secondary legislation will follow fast and the transition arrangements will have a strong regional presence so that the credit unions can work with the new regulator to make a success of the new powers?

Mr Swire: I congratulate the hon. Gentleman, and his predecessor John Hume, on championing the cause of credit unions for many years. There are 177 credit unions in Northern Ireland. They are part of the big society agenda, and we think they are great institutions. We want them to be able to expand and offer the services that credit unions in Great Britain currently can. He will agree that what is important during the change is that people with their money in those credit unions are properly protected. Like me, he will no doubt welcome the move to bring credit unions under the FSA or its successor, to protect them in a way that the Presbyterian Mutual Society savers were not protected.

Stephen Pound (Ealing North) (Lab): The right hon. Gentleman will surely remember that a well-crafted and consensual Labour Bill to address precisely this issue was presented to the House in the last Parliament and cruelly garrotted during the wash-up. Does he regret the actions of his party?

Mr Swire: I do not believe that the Labour party got everything wrong, just most things.

Air Passenger Duty

6. **Mr Stephen Hepburn** (Jarrow) (Lab): What discussions he has had with the Chancellor of the Exchequer on the effect in Northern Ireland of changes to air passenger duty. [74409]

The Secretary of State for Northern Ireland (Mr Owen Paterson): I have had regular discussions with my right hon. Friend the Chancellor of the Exchequer, who came to Northern Ireland in June, heard at first hand from local businesses about the importance of the issue and became personally involved in resolving it. As a result he announced a cut in air passenger duty next month for all direct long-haul flights from airports in Northern Ireland.

Mr Hepburn: May I welcome yesterday's announcement and say how encouraging it is to other parts of the UK that think that particular tax is unfair? Will the Minister keep the House updated on the progress of the tax cut so that we may learn something and get a change in other parts of the UK?

Mr Paterson: I think the hon. Gentleman is asking me to stray into areas that are not my responsibility, but I pay tribute to him and his friends on the Northern Ireland Affairs Committee, who rapidly produced a report making a convincing case for the change. I would like to put on the record that it was a team effort. My right hon. Friend the Minister of State worked closely with the hon. Member for East Antrim (Sammy Wilson) and with the Minister for Enterprise, Trade and Investment, Arlene Foster. The key person was the Chancellor, who saw the need for the change following his visit, took a real personal interest and pushed it through.

Mr Laurence Robertson (Tewkesbury) (Con): I thank the Secretary of State, and indeed the Chancellor of the Exchequer, for taking swift and timely action on air passenger duty in Northern Ireland. When will the Secretary of State consider giving the Northern Ireland Assembly the power to set the level of corporation tax?

Mr Paterson: I am grateful to my hon. Friend for leading the Northern Ireland Affairs Committee and for getting the report through. I announced two weeks ago that a ministerial working group would be set up, chaired by my hon. Friend the Exchequer Secretary to the Treasury, and it hopes to meet in early November.

Dr Alasdair McDonnell (Belfast South) (SDLP): Has the Secretary of State had any discussions with members of the Northern Ireland Executive about the devolution of taxes other than corporation tax to Northern Ireland?

Mr Speaker: Order. We need particular reference to the importance of the air passenger duty. I am sure the hon. Gentleman meant to mention that.

Mr Paterson: I discussed air passenger duty with members of the Executive, namely the First Minister and the acting Deputy First Minister, yesterday, and I have discussed corporation tax. I have not discussed the devolution of any other taxes.

Naomi Long (Belfast East) (Alliance): With respect to the devolution of air passenger duty, will the Secretary of State be pressing for a swift timetable to take that forward? Will he also consider other double-duty taxations caused by people having to travel through GB airports?

Mr Paterson: My hon. Friend the Economic Secretary made a statement yesterday confirming that from 1 November the long-haul rate will be reduced. I hope to see that followed through swiftly by the Treasury, which is working closely with Executive Ministers so that this issue can be devolved as soon as possible.

Donations (Political Parties)

7. **Thomas Docherty** (Dunfermline and West Fife) (Lab): What recent discussions he has had with political parties in Northern Ireland on the law relating to donations to such parties. [74410]

The Minister of State, Northern Ireland Office (Mr Hugo Swire): It is clear from my discussions with the political parties in Northern Ireland that, like us, they want greater transparency over donations and loans. We will legislate to deliver this as soon as we can.

Thomas Docherty: I am grateful to the Minister for his answer. He will appreciate the deep unease on both sides of this House about the continuing special measures required in Northern Ireland. Will the Minister spell out exactly when he proposes to legislate on this issue and when Sinn Fein will no longer get their special Short money?

Mr Swire: As the hon. Gentleman knows, I have reluctantly extended the current arrangements to 2013 and hope to return to the House on this matter before then. I point out to him that Sinn Fein is subject to the same requirement as all other parties, and donations of more than £7,500 must be reported to the Electoral Commission. We want to move to a period of full transparency, but the time is not yet right. *[Interruption.]*

Mr Speaker: Order. The House must come to order. The next questioner is a former Northern Ireland Minister and I trust that the House will want to hear him.

Aviation (Economic Development)

9. **Paul Goggins** (Wythenshawe and Sale East) (Lab): What recent discussions he has had with the Northern Ireland Executive on the contribution of aviation to economic development. [74412]

The Minister of State, Northern Ireland Office (Mr Hugo Swire): I am in regular contact with Executive Ministers about air routes and fully understand the importance of the aviation industry to Northern Ireland, one of whose main companies, Bombardier Aerospace, I shall be seeing again shortly.

Paul Goggins: May I also welcome the Government's decision to reduce air passenger duty on long-haul flights? This creates a new anomaly, of course, whereby if someone pays tax on a return flight from Belfast to New York they will pay less tax than they would on a return flight to Manchester. Given the importance of regional routes to the Northern Ireland economy, will the Minister press the Chancellor, who is sitting very close to him, for a lower rate of duty on flights between Belfast and regional airports in the UK?

Mr Swire: We have been pressing the Chancellor on quite a lot of things recently and I am not sure we want to press him much more. As the right hon. Gentleman knows, Northern Ireland shares a land border and the flights from Dublin were cheaper—that was the problem. We are most grateful to the Treasury for recognising the anomaly of the transatlantic Belfast route, and any other airlines that are listening in might wish to take advantage of that, because we want to grow air traffic to Northern Ireland as part of rebalancing the economy.

Mr Gregory Campbell (East Londonderry) (DUP): We all agree with the recent announcement on the Continental Airlines transatlantic route. Will the Minister make himself available so that if other routes become possible from all three airports in Northern Ireland on the transatlantic scene he will be able to help deliver more progress?

Mr Swire: Yes, of course we will. The key is the transfer of APD to the Executive for this transatlantic route. An investigation into APD is going on in the Treasury and the hon. Gentleman might wish to make representations to it. As I have just said, we are very interested in growing air routes to Northern Ireland, and not least in growing more from Great Britain into Belfast or any other airport. We want more tourists, more businessmen and more economic growth.

Youth Unemployment

10. **Nic Dakin** (Scunthorpe) (Lab): What discussions he has had with the Northern Ireland Executive on reducing youth unemployment in Northern Ireland. [74413]

The Minister of State, Northern Ireland Office (Mr Hugo Swire): Tackling youth unemployment is a key priority for the UK Government and Northern Ireland Ministers. The Minister for Welfare Reform, Lord Freud, has visited Northern Ireland on two occasions and met the Social Development and Employment and Learning Ministers to discuss these very matters.

Nic Dakin: What additional support is the Secretary of State putting in place to reduce youth unemployment so that young people have a positive future in Northern Ireland?

Mr Swire: The hon. Gentleman has a long track record in youth issues. We are very concerned about them. This was a problem for the previous Government, of which he was not a member, in all fairness, and it continues to be a problem. The Executive are dealing with a number of issues to do with apprenticeships and youth learning and we will continue to support them in every way. It is critical, however, that Executive Ministers engage with Lord Freud on the whole proposed package of welfare reform.

Robert Halfon (Harlow) (Con): Does my right hon. Friend agree that the best way to increase youth employment in Northern Ireland is to invest in apprenticeships and the university technical schools, which is happening elsewhere in the United Kingdom?

Mr Swire: My hon. Friend is right—that is certainly one way of increasing youth employment. There is youth unemployment in Northern Ireland as there is in Great Britain, but as I have pointed out, that problem bedevilled the previous Government as well as this one, and we take it very seriously. Most of the levers are in the hands—

Mr Speaker: Order. I am sure that the Minister of State is delivering a formidably eloquent answer, but unfortunately I cannot hear it. Would he address the House?

Mr Swire: At the risk of repeating myself, the levers are mostly in the hands of Stormont Executive Ministers, and I urge them to engage with Lord Freud and his ministerial colleagues in respect of the package of welfare reform, which will be important for Northern Ireland's future prosperity.

Mr Jeffrey M. Donaldson (Lagan Valley) (DUP): Will the Minister join me in welcoming the Northern Ireland Executive's decision to cap tuition fees at just over £3,000 and the boost that that provides to young people in Northern Ireland who seek to graduate from university?

Mr Swire: Those are quite properly matters for the Executive. I would point out, as the right hon. Gentleman is well aware, that that money must be found from within the Executive's existing budget.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [75290] **Mr Stephen Hepburn** (Jarrow) (Lab): If he will list his official engagements for Wednesday 19 October.

The Prime Minister (Mr David Cameron): I am sure that the whole House will wish to join me in remembering Rifleman Vijay Rai, from 2nd Battalion The Royal Gurkha Rifles. He was a talented and dedicated soldier, and our deepest sympathies should be with his family and his friends. He was proud to be a Gurkha and it is at times such as these that we especially remember the deep debt of gratitude that we owe all those brave soldiers.

This morning I had meetings with ministerial colleagues and others and in addition to my duties in the House I shall have further such meetings later today.

Mr Hepburn: I commend and share the views of the Prime Minister concerning our brave military personnel.

Is the Prime Minister aware that this year we commemorate the 75th anniversary of the Jarrow march? Is it not wrong that even today people in this country live in fear of the dole and unemployment? The Government have been in for one year and already we are back to the 1980s. I ask him a simple question: will he support workers or sacrifice them?

The Prime Minister: I believe that we need to be supporting people and helping them back into work. As the hon. Gentleman says, we should commemorate the Jarrow march, and I notice that it has been commemorated this year. We have a challenge right across the country as we see the numbers of those employed in the public sector inevitably go down, which would be happening whoever was standing at this Dispatch Box. We have got to make sure that there are more jobs in the private sector.

It is worth while that in the north-east Nissan is creating 200 new jobs, Hitachi is creating up to 500 new jobs, the Lear Corporation is creating an extra 300 jobs, and BT is creating an extra 280 jobs, in South Shields. There are 500,000 more private sector jobs—new jobs—compared with the time of the last election, but I recognise that we need to do more. That is what the Work programme is all about.

Q15. [75304] **Oliver Colvile** (Plymouth, Sutton and Devonport) (Con): May I congratulate my right hon. Friend on his joint declaration with the Canadian Prime Minister on ocean renewable energy? We need to ensure that we have growth in our economy. What does he think universities such as Plymouth, which has a very good reputation for marine science research, can do to help to ensure that we have that?

The Prime Minister: I commend my hon. Friend for his question, because a number of universities in our country—including Edinburgh, which I have visited—are leaders in marine renewable energy. My right hon. Friend the Energy and Climate Change Secretary yesterday announced that we will go ahead with renewables obligation certificates, ensuring that we boost that vital industry and attract jobs to this country for offshore wind and other renewable technologies.

Edward Miliband (Doncaster North) (Lab): May I join the Prime Minister in paying tribute to Rifleman Vijay Rai from 2nd Battalion The Royal Gurkha Rifles? In joining the Army, he was following in a proud family tradition. He showed the utmost courage and bravery, and our deepest condolences are with his family and friends.

The revelations over the past week about what has been going on in the most sensitive Department at the heart of the Prime Minister's Government are deeply worrying. The former Defence Secretary had an unofficial adviser with access to top officials in the military and, indeed, in foreign Governments, who was funded by undeclared private donations solicited by him, yet the Prime Minister says that he and No. 10 knew nothing about these goings-on for 18 months. How did he allow this to happen?

The Prime Minister: First, I agree with the right hon. Gentleman that this is an important and serious issue, which is why I set up a full and proper inquiry by the Cabinet Secretary. He has produced his report, and it has been published in full. It is worth noting, however, that in this case the Secretary of State for Defence recognised that he had made a mistake, acknowledged that had broken the ministerial code and resigned. That was not something that always happened in the previous 13 years.

Edward Miliband: I have a piece of advice for the Prime Minister: this week of all weeks, show a bit of humility, eh? The truth is that we still do not know the full facts about this case, about the money trail and about who exactly in the Government met Mr Werritty. It is becoming clear that there is a network of individuals, some with close links to the Conservative party and other Cabinet members, who funded Mr Werritty. Given that the Prime Minister says that he knew nothing about the former Defence Secretary's arrangements, can he give the House a categorical guarantee that over the past 18 months no other Minister has been engaging in similar activities?

The Prime Minister: I think that we should have a little humility from the people who gave us cabs for hire, passports for favours, mortgages for mates, dodgy dossiers, the smearing of opponents and good days to bury bad news. I note that these were the questions that the right hon. Gentleman was meant to ask last week. I have some advice for him: if he is going to jump on a bandwagon, make sure it is still moving.

Edward Miliband: The Prime Minister has no answer to the question that people want answered. We have seen a pattern of activity from him: he does not ask the tough questions of those around him, and when anything goes wrong, it is nothing to do with him. What did he say in the ministerial code that he published? He said:

> "It is not enough simply to make a difference. We must be different."

In the past three months, we have seen his Defence Secretary resign in disgrace and his spin doctor arrested. Is that what he meant by being different?

The Prime Minister: The right hon. Gentleman seems to have failed to notice that the Minister in question has resigned—you're just a bit late.

Mr Julian Brazier (Canterbury) (Con): Would my right hon. Friend agree that at a time when—*[Interruption.]*

Mr Speaker: Order. I want to hear Mr Brazier.

Mr Brazier: Would my right hon. Friend agree that at a time when the Governor of the Bank of England has said that we are facing a possibly unprecedented economic crisis, it is a good thing that the country is still committed to getting our debts under control and to retaining credibility in the financial markets?

The Prime Minister: My hon. Friend makes an important point. People should listen to what the Governor of the Bank of England said yesterday:

> "With a lower level of sterling and a credible plan to reduce the fiscal deficit over the medium term, we were on track. But the problems in the euro area and the marked slowing of the world economy have lengthened the period over which a return to normality is likely."

That is what we face in this country, but it means that we should stick to the plan of dealing with our debts and our deficit. If we listened to the Labour party and added £23 billion to the deficit this year, it would not be "Greek-onomics"; it would be "freakonomics".

Q2. [75291] **Mark Durkan** (Foyle) (SDLP): The Prime Minister has acknowledged that there was collusion in the murder of Pat Finucane. Does he accept that in order to get to the bottom of that we have to get to the top of that? Does he recognise that many of us lack confidence that a desk review by even an eminent lawyer will be able to do that? Will he reflect further on the grave misgivings expressed by the Finucane family and the Irish Government?

The Prime Minister: Of course I understand the scepticism of the hon. Gentleman; and of course, there was great scepticism by many at the time of the Saville inquiry about whether it would get to the truth. What matters most is the intent of the British Government in uncovering what happened, being frank about it, acknowledging it and apologising for it. That is what we are going to do, and we do not need an open-ended inquiry to achieve that. To those who are sceptical, I know that they will go on being sceptical; I would just ask them to have an open mind. I believe that we can deal with this issue properly.

Martin Horwood (Cheltenham) (LD): Will the Prime Minister join me in congratulating Cheltenham borough council on building the first new council housing in 20 years and planning more and more affordable housing on brownfield sites, but also recognise the council's anxiety that the first draft of the new national planning policy framework could render it powerless to defend vital and treasured green spaces on the urban fringe, which are being deliberately targeted by developers?

The Prime Minister: Let me reassure the hon. Gentleman on the planning policy. We are not making changes to green belt or other protections, and I am sure he can discuss that with the planning Minister. Of course I congratulate all local councils that get on and build the houses that we badly need to house the homeless and deal with overcrowding. I am sure that the hon. Gentleman will welcome the announcements that have been made—the Deputy Prime Minister and I have been working closely on this—to ensure that we use money from the right to buy to build more social housing so that we end the scandal of overcrowded housing.

Q3. [75292] **Steve Rotheram** (Liverpool, Walton) (Lab): I thank you, Mr Speaker, and your staff, and would like to put on record my gratitude to the Home Secretary and those in all parts of the House for their support for the Hillsborough families during Monday's debate. Will the Prime Minister acknowledge that Governments have made mistakes, that 22 years is 22 years too long to fight for the truth and that if it is proven that there was an orchestrated cover-up, justice should prevail, despite two decades passing, and those really responsible for the Hillsborough disaster should be brought to book?

The Prime Minister: Last week I promised the hon. Gentleman that the time for his debate would be properly protected and that the House would have proper time to debate it, which it did. This week I can tell him that we are going to open up those papers and publish them as we promised so that people can see what was happening. However, it is important to remember that the Taylor inquiry was a proper and thorough investigation. It was not just an inquiry into what happened; it also led to huge changes in the way we manage and arrange football in this country. Hillsborough was a national tragedy. I am hugely sympathetic to the families of the victims, and I am sure that there are regrets for all the institutions involved at the time, including the Government.

Damian Hinds (East Hampshire) (Con): The Prime Minister has already given his backing to national heroes day this Friday, 21 October. Will he join me in commending the hundreds of schools taking part, celebrating inspirational role models and raising money for Help for Heroes?

The Prime Minister: I am very pleased to do that. I am a huge fan of Help for Heroes. The way the charity has grown has been a remarkable story. I have seen for myself the extraordinary efforts that it has made at Headley Court, where it has built an extraordinary swimming pool that is used by so many people who are recovering from their injuries in Afghanistan and elsewhere. I would certainly be pleased to support what my hon. Friend says.

Edward Miliband: Last week we heard that unemployment was at its highest level since the last Conservative Government. This week we heard that retail price inflation was at its highest level since the last Conservative Government. Does the Prime Minister still think that his plan is working?

The Prime Minister: To put the right hon. Gentleman right, the last time that CPI—which is the measure of inflation that we all now recognise—was as high as this was in 2008, when he was in government. That is quite an important point to note. Of course inflation is too high. The principal reasons for it being so high are world food prices, world fuel prices, the depreciation of sterling—[HON. MEMBERS: "VAT."] Yes, there was an effect from the increase in VAT, just as there was an effect when he increased VAT at the beginning of 2010, but the reason for increasing VAT is to get on top of the record deficit that the last Government left.

Edward Miliband: As always, the Prime Minister says that it is just like that in the rest of the world, but we have the highest inflation of any EU country apart from Estonia. That is because of decisions that he made, including the decision on VAT. Week in, week out, the evidence mounts that his plan is not working, but he refuses to change course. Last week, we heard that his flagship national insurance scheme had not worked. Now let me ask him about his flagship regional growth fund, which he launched 16 months ago. Can he tell us how many businesses have had cash paid out to them under the scheme?

The Prime Minister: First, let me just put the right hon. Gentleman right on this issue—*[Interruption.]* It is important. One of the reasons Britain has such a difficult situation with inflation is that we were the country with the biggest boom and the biggest bust of any major European country. He cannot hide from that. The regional growth fund is going to be distributing billions of pounds right across the country, and it is a thoroughly worthwhile scheme that he should be supporting.

Edward Miliband: I do not think that the Prime Minister knows the answer. The Government have certainly issued lots of press releases about the regional growth fund—22 of them—but how many businesses have been helped during the past 16 months? Two businesses have been helped. And how many businesses have gone bankrupt in that time? Sixteen thousand. What greater example could there be that this Government's plan is not working? We have had 18 months of his economic experiment, and what have we got to show for it? More and more people losing their jobs, more and more businesses going bust and inflation going through the roof—and all we have is a Prime Minister who is hopelessly out of touch.

The Prime Minister: All the right hon. Gentleman wants to do is talk down the economy, so he will not mention the fact that 300,000 new businesses have started and that 500,000 people have jobs who did not have one at the time of the election. The big question for the right hon. Gentleman is: if he does not like our plan, where is his plan? We now know that his plan to deal with our debts is—*[Interruption.]*

Mr Speaker: Order. Organised barracking is not acceptable. The Prime Minister's answer must be heard.

The Prime Minister: The right hon. Gentleman's plan is to add £23 billion to Britain's deficit this year, and almost £100 billion to our deficit by the end of the Parliament. There is not a single country in Europe that would have such a crazy plan—*[Interruption.]*

Mr Speaker: Order. We are most grateful to the shadow Chancellor for his advice, but I would like to apply it to the House as a whole. The whole House must calm down; otherwise, it will be in need of medical treatment.

The Prime Minister: The problem is that it was the advice of the right hon. Member for Morley and Outwood (Ed Balls) that got us into this mess in the first place. When is he going to learn that there is not a single country in Europe that thinks that you deal with your debts by adding to your debts? That is why no one listens to him here or in Europe.

Anna Soubry (Broxtowe) (Con): Yesterday, a report was published into the serious failure of Nottinghamshire police to protect a young woman who went on to be murdered by her violent partner. Does the Prime Minister agree that it is imperative that all police forces have the practices, policies and training necessary to protect women from violent men?

The Prime Minister: I absolutely agree with my hon. Friend; she makes an important point. Some police forces have taken huge steps forward in dealing with domestic violence, but not all of them have done so. We need to spread that best practice right across the country.

Q4. [75293] **Pat Glass** (North West Durham) (Lab): The Association of Colleges has just announced the largest fall in college enrolments since 1999, and it cites the abolition of EMA as a major factor. This is a tragedy of the Government's own making, and it lies directly at the door of the Secretary of State for Education. What is the Prime Minister going to do to put this right?

The Prime Minister: I think that the hon. Lady will find that the figures show that some enrolments in some colleges have actually gone up. Our replacement for EMA is a well-funded scheme that will be much better targeted at those people in need. The people who really need the extra money will get more than they did under EMA.

Neil Parish (Tiverton and Honiton) (Con): Families in the country are facing very high fuel bills, and there is a vested interest among the big six fuel companies not to allow competition into the market. What exactly is the Prime Minister doing to encourage more competition and to bring prices down?

The Prime Minister: One of the things we are doing is insisting that the big six have to make more of their energy available in a pooling arrangement so that new businesses can come into the industry. The reason we have to do this is that the last Government abolished the pooling arrangements, creating the situation with the big six—and we do not need to ask who the Energy Secretary was during that Government as we are looking at him.

Q5. [75294] **Tom Greatrex** (Rutherglen and Hamilton West) (Lab/Co-op): Given the importance of carbon capture and storage both as a way of helping to reduce our carbon emissions and as an exportable technology to help rebalance the economy, will the Prime Minister put his words into action and step in to ensure that the Longannet demonstration project goes ahead?

The Prime Minister: What I can say is that the funding we set aside for carbon capture and storage is still there and will be made available. Clearly, the Longannet scheme is not working in the way that was intended, but the money and support from the Government for this vital technology is there.

Q6. [75295] **John Pugh** (Southport) (LD): Given the huge savings for the nation made by the Cabinet Office across government without legislation and the huge financial risks provoked by constant structural reorganisation, as in the NHS, would it not be better if politicians learned to manage more and meddle less—even if Governments find the latter easier and more interesting?

The Prime Minister: My hon. Friend makes an important point. Let me pay tribute to the Minister for the Cabinet Office and Paymaster General, my right hon. Friend the Member for Horsham (Mr Maude), who does this patient work at the heart of government and does not always get recognised for it. We have reduced management consultants by 70%, saving £870 million; we have spent £490 million less on temporary labour; we have spent £400 million less on marketing and advertising: that is an 80% reduction. These are serious changes to cut the cost of central Government and make sure we provide good value for money. None of those things was done under the last Government.

Q7. [75296] **Mr John Spellar** (Warley) (Lab): Before the election the Prime Minister claimed that anyone caught carrying a knife should expect to go to prison. Has he read Brooke Kinsella's article in today's *The Sun*, revealing that 40% of all knife crime is carried out by under-18s? Why will he not deliver on his promise and put them in jail?

The Prime Minister: We are doing something that the last Government failed to do, which is to create a mandatory sentence for adults who are caught with knives to make sure that happens.

Andrew Rosindell (Romford) (Con): The Prime Minister will be aware that the British people are simply crying out for a referendum on the future of Europe. Will he please make history, follow the example of great Prime Ministers like Winston Churchill and Margaret Thatcher and give the British people the chance to vote on our future with the European Union?

The Prime Minister: I completely understand and share the frustration that many have about the way in which the European Union goes about its business, particularly the costs and the bureaucracy, but I have to say that the key focus is to get on top of the EU budget, keep Britain out of the bail-out schemes and ensure that the single market is working. Of course we are committed as the Conservative party to the return of powers from Brussels to Westminster. We are also committed as a Government to ensuring that if power passes from Westminster to Brussels, there will have to be referendum. That promise is good for the whole of this Parliament and beyond, but I do not support holding a referendum come what may. That is not our policy and I will not support such a motion.

Q8. [75297] **Mr Gregory Campbell** (East Londonderry) (DUP): We are all aware of the bravery and courage of our armed forces as they serve in Afghanistan. Last November Ranger Aaron McCormick from just outside Coleraine in my constituency died in Helmand province; he was one of many who paid the highest price to defend freedom. His commanding officer said:

> "Today, there is a gap in our ranks which no ordinary man could fill. He was the best of his country and we mourn his loss."

Will the Prime Minister ensure that a review is carried out into the way the Ministry of Defence prepares its honours list so that families can see that the entire nation recognises the sacrifice and selflessness of these brave men and women?

The Prime Minister: I will certainly look carefully at what the hon. Gentleman says and perhaps arrange a meeting between him and the Under-Secretary of State for Defence, my right hon. Friend the Member for South Leicestershire (Mr Robathan) who is responsible for veterans and these issues. That would be a good thing to do. Let me say again that I have the highest possible regard for the professionalism, the courage and the dedication of our forces. We have paid a very high price in Afghanistan and in Iraq for what we have had to do there. I think the whole country, perhaps in a little bit of a contrast to what the hon. Gentleman says, recognises that and feels that very strongly and is looking for new ways to recognise what our armed forces do. That is why there is such strong support for Help for Heroes, for homecoming parades, for lists of honours, for the military covenant and for all such things. I think we should go on looking at what more we can do to recognise the service and sacrifice of our armed forces.

Q9. [75298] **Mr Adrian Sanders** (Torbay) (LD): As a result of inaccurate reporting and statements about a European directive applying to insulin-dependent diabetics, up to a million such people fear for their driving licences. Is it not the case that the way in which the Department of Transport interprets that directive will determine whether or not people lose their licences? Will the Prime Minister make the position clear?

The Prime Minister: I will certainly try to do that.

I entirely understand my hon. Friend's concern, which is shared by many insulin-treated diabetics throughout the country who want to continue to drive freely as they have in the past, but I can reassure him that relatively few of them will lose their licences as a result of the directive to which he has referred. The Driver and Vehicle Licensing Agency is going back to the European commission to check its understanding of the interpretation of the minimum standards in the directive. As Members in all parts of the House probably know, Departments gold-plate directives on too many occasions, and it cannot be said too often that they should stop it.

Angus Robertson (Moray) (SNP): We learnt today that the British Airports Authority is to sell Edinburgh airport. Does the Prime Minister agree that it is important for the Scottish economy that we have as many direct international routes and services as possible? If so, why does he not listen to the views of the four major airports and Transport Scotland, which want air passenger duty to be devolved?

The Prime Minister: I think the most important thing is that investment goes into the infrastructure of our airports, and I know from first hand that Edinburgh airport has superb facilities which continue to be improved. As for air passenger duty, we will continue to listen carefully to those arguments.

Q10. [75299] **Mr Sam Gyimah** (East Surrey) (Con): Does the Prime Minister agree that if we are to tear down the apartheid in the education system, for which he argued a few weeks ago, not only should well-performing private schools support under-performing state schools on an ad hoc basis, but we should go further and encourage them to federate?

The Prime Minister: My hon. Friend makes an excellent suggestion. I believe that that should be a cross-party initiative, and I pay tribute to Lord Adonis, who has made some extremely important speeches about the issue. I see a real opportunity for independent schools to do what Wellington college, Dulwich college and Brighton college have done, and sponsor academies in the state sector. I think that we can see the breaking down of the barriers between independent and state education, I think that this is a great way forward, and I hope that it will be given all-party support.

Q11. [75300] **Graham Stringer** (Blackley and Broughton) (Lab): A change in the national targets regime and cuts have led to disarray in the Greater Manchester emergency services. A stroke victim has had to wait for an hour for an ambulance, the response time of the fire service has doubled in parts of Greater Manchester, and the police switchboard is in meltdown. What reassurances can the Prime Minister give that the failure of those services will not lead to a tragic death?

The Prime Minister: I will give careful consideration to what the hon. Gentleman has said. What I can say about health funding specifically is that we are implementing the £20 billion efficiency savings suggested by the now shadow Health Secretary, the right hon. Member for Leigh (Andy Burnham). However, the difference between the policy supported by his party and our policy is that we are putting all those savings back into the NHS, whereas the official Labour position is that increasing spending on the health service in real terms is "irresponsible". We think it irresponsible not to increase spending.

Q14. [75303] **Jason McCartney** (Colne Valley) (Con): David Brown Engineering in Lockwood, in my constituency, has received a regional growth fund investment that will help to create 80 new jobs. Does the Prime Minister agree that, notwithstanding the moithering and doom-mongering of Opposition Members, there are success stories out there? With that in mind, will he consider coming to open the new innovation and enterprise centre at Huddersfield university in the spring?

The Prime Minister: What a delightful invitation! I thank my hon. Friend—*[Interruption.]*

Mr Speaker: Order. I want to hear about the Prime Minister's Huddersfield travel plans.

The Prime Minister: Thank you, Mr Speaker. I look forward to making those travel plans.

I think that my hon. Friend has managed to show that the Leader of the Opposition's first lot of questions were irrelevant and the second lot were probably wrong.

Q12. [75301] **Ian Austin** (Dudley North) (Lab): The answer the Prime Minister just gave to my right hon. Friend the Member for Warley (Mr Spellar) is simply not good enough. The fact is that, despite all the Prime Minister's promises, fewer people caught carrying knives are going to prison under this Government than under the last, so will he apologise to Brooke Kinsella and all the bereaved families of victims of knife crime for breaking the promise he made that he would take a tougher approach?

The Prime Minister: I am full of admiration for the campaign Brooke Kinsella has run. When someone has suffered such a loss in their own family, it is incredibly brave of them to get out there and campaign for change—and not just change in the law, but also change in the way the police behave and in the way young people behave. I think she is a thoroughly good individual, with a very great campaign. What this Government are doing—which the last Government did not do—is have a mandatory sentence for knife crime, which we will introduce in our forthcoming Bill.

Mr Robert Buckland (South Swindon) (Con): Will my right hon. Friend join me in supporting the Royal College of Speech and Language Therapists "giving voice" campaign, which rightly emphasises the central importance of speech, language and communication in tackling a wide range of social issues?

The Prime Minister: I will certainly join my hon. Friend in doing that, and I know that you, Mr Speaker, take a close personal interest in this issue as well. Anyone who has brought up disabled children knows the vital importance of speech and language therapists. They also know that there are often not enough of them to provide all the help and services we need, and that getting their services through the statementing process can be extremely tough. I therefore certainly agree with what my hon. Friend says.

Q13. [75302] **Mr Russell Brown** (Dumfries and Galloway) (Lab): We know that officials from other Governments were given the impression that the former Defence Secretary's unofficial adviser represented the UK Government. How many people in total were misled, and will the Prime Minister provide a list?

The Prime Minister: The hon. Gentleman should read the Cabinet Secretary's report, as he will find there all the details he might need about what Mr Werritty was doing, but I have to say that for the hon. Gentleman's party to lecture us on lobbying comes slightly ill given that we now know that the former Labour Defence Secretary is working for a helicopter company, the former Home Secretary is working for a security firm, Lord Mandelson is at Lazard, and even the former leader and Prime Minister has in the last few months got £120,000 for speeches to Credit Suisse, Visa and Citibank. He told us he had put the money into the banks; we did not know he would get it out so quickly.

Mark Pritchard (The Wrekin) (Con): Returning to the topic of Europe, does the Prime Minister accept that moves towards fiscal union in the eurozone will ultimately undermine the single market and the United Kingdom?

The Prime Minister: My hon. Friend makes an extremely important point. While we believe that the logic of a single currency drives the eurozone towards greater fiscal integration, that poses particular threats and risks to those of us who want the single market to work properly. At the European Council this weekend it is important to argue for safeguards to make sure that the single market remains robust and properly protected. That is what we must do in the short term. Of course in the longer term there may be further moves towards further treaties and so forth, and at that stage there may be opportunities to bring further powers back to Britain—and there may, indeed, be opportunities to hold a referendum, but I do not believe the right answer is to hold a referendum willy-nilly in this Parliament when we have so much to do to get Europe to sort out its problems.

Mr Michael Meacher (Oldham West and Royton) (Lab): On a statutory register of lobbyists, will the Prime Minister also ensure that so-called think-tanks—whose propaganda is clearly aimed at manipulating both Ministers and the public for their own ends—are required to reveal who ultimately funds them, so that we all know whose interests they really represent?

The Prime Minister: We are committed to having a statutory register of lobbyists. That does need to be put in place and, as the right hon. Gentleman says, it needs to include think-tanks and other such organisations. It also needs to include one of the biggest lobbies of all—the lobby that owns the Labour party lock, stock and trade union barrel: the trade unions.

Several hon. Members *rose*—

Mr Speaker: Order. We now come to the statement by the Lord Chancellor and Secretary of State for Justice. If Members leaving the Chamber can do so quickly and quietly, we can all look forward to hearing from Mr Secretary Clarke.

Justice and Security Green Paper

12.34 pm

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): With permission, Mr Speaker, I should like to make a statement. I have today laid before Parliament the justice and security Green Paper. The document is the culmination of more than one year of careful analysis and consideration on how to respond to a difficult challenge for any liberal democracy: addressing how sensitive material can be properly handled in the civil justice system and how the work of the security and intelligence agencies can be properly scrutinised and those bodies held accountable.

The problem is this: in recent years, there has been an increase in the number and diversity of judicial proceedings that examine national security-related actions. In many cases, the facts cannot be fully established without reference to sensitive material, but this material cannot be used in open court proceedings without risking serious damage to national security or international relations. Difficulties arise both in cases in which individuals are alleging Government wrongdoing and in cases in which the Government are seeking to take Executive action against individuals who pose a risk to the public. The consequence is a Catch-22 situation in which the courts may be prevented from reaching any fully informed judgment on the case because they cannot hear all the evidence in the case. They cannot hear all the evidence because it would do serious damage to national security if the evidence was available to all parties and the public. The Government are left with unsatisfactory choices: they could risk damage to national security by disclosing the material or summaries of it, or attempt to defend a case with often large amounts of relevant material excluded. If the material cannot safely be disclosed, the Government may be forced to settle cases, either by paying compensation or by withdrawing a case brought against an individual.

Further problems are posed by applications for the disclosure of sensitive material being sought for use in other legal proceedings, particularly those overseas. The material has sometimes been generated by foreign Governments and shared with the United Kingdom Government on the most confidential of bases. In these cases, disclosure would endanger crucial international partnerships and put at risk the sharing of information, which is critical to Britain's national security.

These are issues of the utmost importance, which the previous Government faced just as much as the current one do. The work of the security and intelligence agencies, and the sensitive information that they and foreign partners produce, is essential to prevent terrorist attacks, disrupt serious crime networks and make the case for Executive actions such as deportations and asset freezing.

The current situation is clearly unsatisfactory for everyone: the Government are unable to defend their actions; claimants are left without clear judgments based on all the relevant information; and the public are left with no independent judgment by the court, because it has not been able to consider all the evidence. So the justice and security Green Paper contains a number of proposals to address these extremely difficult issues, and takes account of recent Supreme Court judgments. The Green Paper seeks views on a range of proposals including: extending the so-called closed material procedures, such as those used already in certain civil contexts, to all civil proceedings; clarifying the law on the requirement to provide a summary of the sensitive material heard in closed procedures to the other party when the procedures are utilised; enhancing the existing special advocate system to equip it to best serve the interests of the individual affected by the closed hearings; and ensuring that security issues are properly considered in cases seeking disclosure of material for use in other legal proceedings, including proceedings overseas.

The Green Paper has a further vital goal: reviewing the existing oversight arrangements for our security and intelligence agencies and the wider intelligence community. Allegations of misconduct undermine public confidence in the work of the security and intelligence agencies. It is essential that we have a strong system for overseeing their activities.

In recent years the context in which the agencies work has changed significantly, with the conflicts in Iraq and Afghanistan and the terrorist attacks of 11 September 2001 and 7 July 2005. There have been revolutionary changes in the way that people communicate and use technology. Cyber-security is a major and growing issue, and the budgets and public profiles of the agencies have increased substantially. Given all these changes it is important to ensure that scrutiny of the agencies and the wider intelligence community is effective and credible in the eyes both of Parliament and the public.

The Green Paper makes proposals further to develop the status and remit of the Intelligence and Security Committee, the Intelligence Services Commissioner and the Interception of Communications Commissioner. The Intelligence and Security Committee—that is the existing Committee—has recommended a number of detailed reforms and these have formed the basis of several of the proposals in the Green Paper. Significant reforms that we are floating include changing its status to become a statutory Committee of Parliament, giving Parliament a greater say in ISC appointments and giving the ISC greater powers to require information from the security and intelligence agencies.

The document seeks views on the appropriate balance of arrangements across the overall system of oversight. The Government welcome scrutiny of their activities in every area, including national security. The Green Paper seeks ways to increase both judicial and other independent scrutiny of such matters to unprecedented levels without undermining protection of the public and whilst maintaining strong safeguards for the rights of individuals. Faced with difficult challenges, Governments are sometimes encouraged to suppose that they need to choose between security on one hand and the rule of law on the other, but that is a false choice. As I hope this Green Paper shows, we must have both. I commend this statement to the House.

Sadiq Khan (Tooting) (Lab): First, may I thank the Secretary of State for Justice for giving advance sight of his statement this morning and for the briefing that was provided last week? We are supportive of the attempts by the Government to find a solution to the challenging situations that are encountered in sensitive legal cases. At the outset, I would like to take the opportunity to pay tribute to our security and intelligence services for the difficult and challenging work they do in keeping our country and citizens safe.

[Sadiq Khan]

As the Secretary of State said, the work of the security and intelligence agencies and the sensitive information that they and foreign partners produce is essential to prevent terrorist attacks, disrupt serious crime networks and make the case for Executive action such as deportations and asset-freezing. It is important that we support them with this difficult task, and finding a sensible way of handling intelligence material in judicial proceedings is one way in which we can do that. The starting point for all of us is, I hope, restating the principle of open justice, which is a central tenet of our justice system. However, we also recognise that there are occasions when the use of classified intelligence can prove to be a challenge to maintaining open justice. This is compounded by the fact that we are in a globalised environment where the sharing of intelligence between international allies is crucial to ensuring our national security and interest overseas.

I agree with much of what the Secretary of State has said about the challenges we face in this area. I hope that he has had a chance to read the excellent piece in *The Independent* today written by my right hon. Friend the shadow Home Secretary on the importance of strong oversight for strong national security. It recognises that changes are required to ensure that scrutiny of the agencies and the wider intelligence community is effective and credible in the eyes of both Parliament and the public.

We need, as a matter of urgency, to bolster the safeguards and scrutiny mechanisms concerning issues of security and intelligence. I welcome the fact that the Secretary of State is proposing measures to enhance the powers of the Intelligence and Security Committee. We support the publication of a Green Paper: it is right and proper to foster a debate on what are challenging issues and to encourage key stakeholders to contribute their thoughts.

That being said, I want to take this opportunity to ask a number of questions of the Secretary of State. First, who will decide which cases are treated in the way that he sets out in his Green Paper? How many cases does he believe will be dealt with in the manner suggested and what advice has he received from special advocates and from others involved in the Special Immigration Appeals Commission? How will the overall system be scrutinised? Who will undertake the role of overseeing the whole system? Can the right hon. and learned Gentleman comment on the views of the intelligence and security agencies on these proposals? Are they supportive of what has been recommended in the Green Paper?

We are happy to work with the Government to increase both judicial and other independent scrutiny of the intelligence and security agencies without undermining the protection of the public and while maintaining strong safeguards for the rights of individuals.

Mr Clarke: I thank the right hon. Gentleman for his extremely constructive response, which is important. As I said, these problems were just as acute for the previous Government as they are for the present one, and with the mounting number of actions being brought in this field, the situation is getting steadily worse. I can assure the right hon. Gentleman that the Government hope to get cross-party agreement. This is a very green paper. We are genuinely open to suggestions as to how to tackle the issue.

It is very much in the national interest that we do that. As the right hon. Gentleman has just said, we intend to protect our system of open justice and at the same time to protect the security of our intelligence agencies and public safety. It is essential that we set aside the ordinary partisan debate and seek to produce a system whereby our public and our allies can be reassured that these matters will be handled sensitively in this country. People will share intelligence with us knowing that it will be used properly, will not be misused and will not be disclosed in areas where it would do damage. At the same time, the public will be able to find out more often the outcome of complaints and actions involving the security services, and have a judge take the matter to a conclusion. I welcome what the right hon. Gentleman said.

I have indeed read the article in *The Independent* produced by the shadow Home Secretary. I have to say that she, too, was briefed on Privy Council terms, I think. I am used to that. I have been briefed on Privy Council terms quite frequently in the past by members of the previous Government and did not always leap out to the nearest newspaper in order to give a reaction to the briefing that I had just had, but of course in the spirit of bipartisanship that I have just proclaimed, I will take her views seriously. She is trying to find reasons for disagreeing with us on both sides of the argument, but sooner or later she will decide whether we are being too draconian and protective or too indifferent to individual liberties. I look forward to further instalments as, no doubt, does my right hon. Friend the Home Secretary.

The first question that the shadow Justice Secretary asked is key. He asked who will decide that the closed material procedure is the right way to proceed in whatever civil action we are talking about. In the first case it will be put to the court by the Secretary of State, but the final decision will rest with the judge. That is absolutely key. The special advocate is quite entitled to challenge the fact that this evidence is being given under the closed procedure, and the judge will have to be satisfied that on what he or she knows of the claim, it is indeed reasonable to proceed on that basis and there is indeed a threat to national security. That is a considerable reassurance.

I do not know how many cases there will be. The present pattern is that the numbers of cases is steadily increasing. It is becoming fashionable, almost, to start challenging the courts in encounters of any kind with the intelligence agencies. I do not dismiss all these actions, but there are about 30 coming through the pipeline now, so it is urgent that we address the matter.

Accountability is like the ordinary accountability for the court process, but the ISC will no doubt play a part in seeing how the proposal is working and its impact on the Security Service. On the Intelligence and Security Committee's views on its own reform, as I have already said, we have based many of our recommendations on what the Committee itself has said. It is my understanding—I may discover more clearly in a moment, if any of my right hon. Friends intervene—that the ISC is broadly supportive of where we are going. We are undoubtedly strengthening the Committee. It is being made a Committee of Parliament. It will be accountable to Parliament as well as to the Prime Minister, and it will have increased powers if our proposals gain favour in the course of the consultation.

Sir Alan Beith (Berwick-upon-Tweed) (LD): I welcome the publication of the Green Paper because it is better to find a way of getting intelligence material into closed court proceedings than for the cases to remain unresolved. May I point out to the Secretary of State that if that is extended to inquests, it will strengthen the case for a chief coroner, which I have put to him? As someone who has served on the Intelligence and Security Committee for a long time, I believe very strongly that that Committee has to have access to operational information in order to do its job properly.

Mr Clarke: On the first point, we canvassed opinion on the prospect of it being extended to inquests. There will be a range of views on that, so this is a genuinely green part of the Green Paper. My view is that in cases where families are desperately anxious to have a proper inquiry and for someone to make some judgments about what caused the death of a family member, it is particularly unsatisfactory if the whole thing cannot be brought to some sort of conclusion because the proceedings are too open to members of the public so the evidence cannot be heard. We will therefore consult carefully on inquests. I am not sure that the legislation proposing that we have a chief coroner would have given him any powers to do much about such inquest cases, but no doubt that issue will be raised if we continue to debate whether we need a chief coroner.

We propose to improve the ISC's powers to require information to be brought before it. There are of course difficulties and sensitivities relating to operational information, but those will no doubt be raised in response to the Green Paper and are touched on, rather carefully, in the document I have published today.

Mr Jack Straw (Blackburn) (Lab): On the strengthening of the ISC, I commend what the Secretary of State is proposing. It is 17 years since the ISC was established—a different time and in the shadow of the cold war—and, as he has pointed out, circumstances have changed, so the proposals must be right. On the main part of his statement, I congratulate him on finding what appear to be elegant solutions to the terrible dilemma that successive Home Secretaries and Foreign Secretaries have faced, as I know, where the pursuit of apparent openness has resulted in injustice being done to the intelligence and security agencies and the plaintiffs, and sometimes defendants, in these actions. Will he confirm that the model he is seeking to extend for criminal-related cases will build on the establishment, many years ago, of the Special Immigration Appeals Commission? He says that the matter is urgent, and I entirely agree, so when does he plan to conclude the consultation and introduce legislation?

Mr Clarke: I am grateful to the right hon. Gentleman. He will not be surprised to learn that, although I made the statement today, I have been working very closely with my right hon. Friends the Foreign Secretary and the Home Secretary, whose interests are crucially involved, as he well knows, having done both jobs. We propose to complete the consultation by January next year, by which time we expect to be able to come back with legislation for the House to consider. I hope that people will feed in their views, because the whole point is to try to carry as much consensus in the House as possible. Although we have not yet decided, we will perhaps introduce legislation next year.

Several hon. Members *rose*—

Mr Speaker: Order. We have a further statement to follow and it is of course an Opposition day. I therefore appeal to all Members, without regard to seniority or distinction, for brevity.

Sir Menzies Campbell (North East Fife) (LD): My right hon. and learned Friend will know well that much of the success of intelligence is based upon co-operation with other countries. Does he agree that one of the most difficult components in the balance we must strike is the need to ensure that we do not prejudice relations with other countries, such as those with whom we have a special intelligence relationship, such as the United States, Canada, Australia and New Zealand?

Mr Clarke: Having said that I worked on this with the Home Secretary and the Foreign Secretary, I have now seen my right hon. Friend the Minister of State, Cabinet Office, the right hon. Member for West Dorset (Mr Letwin), who was extremely closely involved in these matters.

Mark Durkan (Foyle) (SDLP): And the Attorney-General.

Mr Clarke: Yes, and the ladies who made the tea. I compliment them all. I work very closely with colleagues and this is very much a Government Green Paper.

On co-operation, I agree entirely with my right hon. and learned Friend. We share information and work closely with reliable allies, with whom we are mutually very dependent, and apply the so-called control principle. It would clearly make things impossible if they feared that legal processes in the United Kingdom would mean that the confidentiality of information they share with us was likely to be compromised. It is of great importance to the security of this country that we do not compromise that principle.

Keith Vaz (Leicester East) (Lab): I welcome the Green paper and the fact that the right hon. and learned Gentleman is working closely again with the Home Secretary on this and other issues, but I caution against extending the role of special advocates in any way. I do not know whether he was suggesting that, but there are criticisms of special advocates and the way they deal with information. I welcome the fact that the ISC is to be enhanced, but there have been occasions when the Home Affairs Committee has asked the head of MI5 to appear before us, only to be told that we must visit him. Will this now mean that he will appear before the Home Affairs Committee when we ask?

Mr Clarke: Special advocates are a key part of what we are proposing. Controlled material proceedings will involve the use of special advocates, but the Green paper touches on how to improve that use. There are serious problems relating to how much special advocates have to know about the evidence they will hear before

[Mr Kenneth Clarke]

they can take proper instructions from their clients and how far they can report back to their clients the gist of what has been said. At the moment that works quite well in immigration tribunals, on which this is based, but the Green Paper asks for suggestions on how the role of special advocates can be improved. They are an essential part of the process, but anything that helps us handle the difficulties in using them would be welcome.

Sir Malcolm Rifkind (Kensington) (Con): I warmly welcome the priority given to the protection of information provided by friendly foreign Governments, because, quite frankly, without that protection the provision of that intelligence would simply dry up, to the great detriment of this country. As Chairman of the Intelligence and Security Committee, may I say how much the Committee welcomes the decision to follow its recommendation that it should become, for the first time, a Committee of Parliament and be given effective powers relating to the operation of the intelligence agencies and not simply relating to policy, procedure and administration, as laid down in the current legislation? That is very much to be welcomed because it will enable Parliament and the public to have confidence that there is genuine, independent and effective oversight of our intelligence agencies.

Mr Clarke: I am grateful for that authoritative response to the Green Paper. I think that it matters on both sides of the House that the ISC becomes a Committee of Parliament and, in a fuller sense, is accountable to Parliament as well as to the Prime Minister. We can build on the excellent work it has done since it was first established.

Hazel Blears (Salford and Eccles) (Lab): I, too, welcome the Green paper and its proposals. Maintaining the confidence of our allies in sharing their information is absolutely key, but so is maintaining the British public's confidence in our legal system. If closed proceedings are to be extended, there will be controversy about the role of special advocates, not only in the House, but more broadly among the public, so the proposals to strengthen their role are particularly important. We must ensure that we get that right so that the public, defendants and the whole system have confidence in a fair trial and at the same time protect and maintain the necessary secret intelligence we have. It is a difficult balance to strike, but I am sure that the Secretary of State is up to it.

Mr Clarke: The right hon. Lady is also a member of the ISC, so I am grateful for her support for our proposals. She is quite right to stress the need for public confidence generally. The present situation is wholly unsatisfactory. The Guantanamo Bay case, which we settled recently, showed exactly what can go wrong. I had to come to the House to announce that we had paid out a total of £20 million, together with costs, because we had ceased to defend the action. Everyone who was inclined to believe the detainees thought that there was secret information that would confirm everything they said, and everyone who was against the detainees thought that the security services had been crippled, that they could have defended themselves and that we were paying money to worthless people. Every conspiracy theory could flourish, depending on temperament, before we even started. That is no way to retain public confidence. In our view that definitely requires closed material procedures, which means that we must have special advocates, so we welcome views on how to improve the way in which they carry out that very difficult task.

Mr David Davis (Haltemprice and Howden) (Con): The purpose of state secrecy is to protect the safety of citizens, not to cover up criminality or to avoid embarrassment. In the Binyam Mohamed case, which led to the Gibson inquiry, the very senior judges involved went to a great deal of trouble to balance the requirements of security and open justice, but, from what I understand of this Green Paper, I am concerned that had my right hon. and learned Friend's proposals been in place a few years ago, what we learned from the Binyam Mohamed case would not have been put in the public domain, that we would not have had the Gibson inquiry and, indeed, that we would not have been able to resolve the issues arising from it. Other nations—Canada, Australia, Germany, France and Italy; all our major allies other than America—are able to be very robust about that. Why can we not be?

Mr Clarke: If my right hon. Friend will excuse me, I shall not comment on the Binyam Mohamed case in detail. The judges take one view and others take another, but the Green Paper addresses the problem. One would need the facility for closed material procedures, so the starting point would be a decision, confirmed by the judge, that in the interest of national security the case should take place in closed proceedings and, therefore, not be revealed afterwards. That is an altogether better way of resolving the issue than allowing an argument to break out between judges, the Security Service and everybody else afterwards about whether something has been revealed that should not have been. That was where we were in the case of Binyam Mohamed.

I cannot remember my right hon. Friend's second point, but we have got the balance right. Members of the Intelligence and Security Committee have said that confidentiality vis-à-vis allies is absolutely crucial, and it is no good currying favour by trying to get behind that, because in fact the safety of people in this country would be endangered if we did not have the full and frank co-operation of allied countries providing us with their intelligence, just as we provide them with ours.

Several hon. Members *rose—*

Mr Speaker: Order. I am still seeking brevity, an object lesson in which I know will be provided by the right hon. Member for Wythenshawe and Sale East (Paul Goggins).

Paul Goggins (Wythenshawe and Sale East) (Lab): I am very grateful, Mr Speaker, and I, too, welcome the Green Paper. It is perfectly clear that the balance on disclosure has tipped too far in sensitive cases, and that results in Ministers being constrained in their ability to fulfil their ultimate obligation, which is to protect the public. Given the complexity of the situation, may I ask specifically what plans the Secretary of State has to consult the judiciary?

Mr Clarke: I have had some preliminary discussions with the judiciary, and I am quite sure that they will now respond quite fully to our Green Paper, but I agree that, as we are making very important changes to civil procedure, it is essential that we take on board their views. In the end, this House will decide, but it would be most unsatisfactory and be asking for a great deal of future trouble if we started trying to put in civil procedures that the judiciary thought unsatisfactory and, in case law, sought to modify. I have taken great trouble to consult the judiciary, and I will continue to do so. I think that that will be possible, because they are just as concerned as everybody else about national security and, certainly, about open justice, and they will help us to reach a conclusion.

Tom Brake (Carshalton and Wallington) (LD): There will be nervousness at the use of special advocates in cases such as those of the Guantanamo detainees or in inquests. Does the Secretary of State agree that the most effective way of stopping such cases coming forward is to ensure that international law is observed, that torture is never condoned implicitly or explicitly and that our security services are more effectively monitored so that we can always be certain about the probity of their activities?

Mr Clarke: I certainly agree with all my right hon. Friend's principles, and they are confirmed by the current Government: we are flatly against the use of torture; we do comply with international law; my right hon. Friend the Prime Minister has published new guidelines for the security and intelligence services; and, as I have said, we certainly want them to be properly accountable.

No one has ever established malpractice in previous cases, and one thing we are seeking to do is to draw a line under all the past allegations. I have been settling cases and all the rest of it, but no one has ever made an adverse finding against the security services on any of those grounds. Having public confidence, we now want a process whereby we can sustain it.

Mr George Howarth (Knowsley) (Lab): The Secretary of State will be aware that certain judicial decisions on intelligence sharing have undermined the confidence of our close allies, particularly the United States, with a material effect on some areas in which they are willing to co-operate. Does he not share my concern that our close allies will be concerned to find that he now places on judges the burden of making those decisions? In reality and in our experience, judges look at the conduct of their own proceedings, rather than at national security.

Mr Clarke: There has been the one case, the Binyam Mohamed case, which we have touched on, but unsurprisingly no one here has touched on the growing number of cases under the so-called Norwich Pharmacal procedure, on which we make recommendations. It is important that we do not find that the interests of the particular parties lead to highly sensitive intelligence material just getting into the public domain. Having consulted the judiciary, and from my experience of them, I have to say that it is actually wrong to argue that they are indifferent to the needs of national security; they accept that we need clear reform of our processes. We had been waiting for some Supreme Court cases before we produced our final proposals in this Green Paper, and the judiciary think it is time for Parliament to make clear how the processes can be modified to enable them to protect justice and liberty on the one hand and national security on the other.

Jessica Lee (Erewash) (Con): Will my right hon. and learned Friend please set out the position in respect of Northern Ireland? It is of course a part of the United Kingdom, and it bears the scars of conflict all too well, so will these measures be applicable in Northern Ireland?

Mr Clarke: It is very important that my hon. Friend raises this issue. We have indeed consulted the Northern Ireland Office. The issue applies to Northern Ireland, and these matters come up frequently in the Northern Ireland context. In the course of our consultation on the Green Paper, I expect that we will receive quite a lot of representations based on the experience there.

Chris Bryant (Rhondda) (Lab): We clearly need some form of closed material procedure, if only to deal with the counter-intelligence threat, which is very strong at the moment, from countries such as Russia, but may I urge the Lord Chancellor to look at whether the Chair of the Intelligence and Security Committee could not, as is the case with the Public Accounts Committee, always be a member of the Opposition? The Member who currently holds the post could perfectly well have held it when we were in power, so would it not make greater sense for the Chair to be a member of the Opposition?

Mr Clarke: Well, we will look at that, because I stress that this is a Green Paper and we are seeking cross-party consensus, which, were we ever to go into opposition again, I trust we would maintain on such subjects. The shadow Home Secretary made the same point, and we will look at it, but the idea that the Chairman's party allegiance is an important consideration is not immediately obvious to me. I am glad that the hon. Gentleman confirms that the current Chairman, who happens to be a Conservative MP, is a former Foreign Secretary and whom nobody criticises as Chairman, is the right person to be Chairman. A rule that the Chair switches party might be relevant to other Committees, but for this Committee it is not quite as necessary as it obviously is for a Select Committee.

Mr David Burrowes (Enfield, Southgate) (Con): I commend the Justice Secretary for drawing the politicised sting from the false battle between justice and security. Will he give us his early thoughts on the possibility of creating an inspector-general of the intelligence services in order to ensure that oversight is concentrated in a single body?

Mr Clarke: The idea is floated in the Green Paper, and it often comes up. We will obviously look at it, alongside all the other things we are looking at to make the security services more accountable, but it is a suggestion often made, it remains a live issue and we will consider it very carefully.

Fiona Mactaggart (Slough) (Lab): One way we could make the new Committee effective would be to guarantee that its reports were debated in this Chamber. Will the Government commit to making time for such debates, or will they leave it to the Backbench Business Committee?

Mr Clarke: That is more a matter for the Leader of the House than for me, but I am just turning to some members of the Committee, and I note that its reports are debated here sometimes. If Members with a close interest in the subject do not consider the frequency of debate to be adequate, however, I suggest that they take it up with my right hon. Friend. I do not think that these particular measures touch upon the frequency of debate, but the Committee is to be made more accountable to Parliament. That is one of the underlying features of our reforms.

Dr Julian Huppert (Cambridge) (LD): I am instinctively uncomfortable about keeping evidence secret from those in court cases, but I look forward to seeking the detailed safeguards in the Green Paper. The Secretary of State says that the measures are intended for civil cases, but what assurances can he give the House that he will not consider using similar processes for criminal cases, in which somebody's liberty might be at risk?

Mr Clarke: There is no question of having this in criminal cases—it would be quite impossible. A person could not be convicted on the basis of evidence that he was not allowed to hear and that was withheld from the public. The position will be the same after this as it is now—if evidence is not possessed that can be used in open court, the prosecution has to be dropped and cannot proceed. I share my hon. Friend's sensitivities about any part of civil proceedings being closed—particularly, for example, in inquests, as I said a moment ago. However, I have come to the conclusion that that is less unsatisfactory than a situation in which the case cannot be heard in civil proceedings, so both parties go away, both claiming they are still right, and nobody has been able to hear all the evidence and give a judgment that, although not everybody will always accept it, will be of considerable reassurance to the general public if someone has heard it all and come to a conclusion.

Dr William McCrea (South Antrim) (DUP): Does the Secretary of State acknowledge that it is vital that we have a common regime across the United Kingdom in dealing with the fight against terrorism? Given that, what talks will he have with the Department of Justice in Northern Ireland to ensure not only that there is a consistent approach but that there are no loopholes?

Mr Clarke: I think that the issues are exactly the same, in relevant cases, in all parts of the United Kingdom. Obviously the situation in Northern Ireland is particularly relevant to all this, so we have already consulted in Northern Ireland with the Justice Minister and others, and we will continue to do so. We are hoping to resolve problems that have been big in Northern Ireland for a long time, and we could not possibly have different principles applying on either side of the Irish sea.

Jonathan Evans (Cardiff North) (Con): Does my right hon. and learned Friend recognise that there remains a high level of dissatisfaction with the degree of parliamentary scrutiny covering issues in relation to, for instance, extraordinary rendition, which was investigated in Europe in an inquiry that I was associated with but which here in this House was dealt with only by an all-party committee? In those circumstances, does he think that the changes that he is proposing will enable the Intelligence and Security Committee to look into these matters more effectively?

Mr Clarke: Yes, indeed; I entirely agree with my hon. Friend. I remind him that we are going to look into rendition and a lot of the other allegations once we get the Gibson inquiry under way. It is clear that that inquiry will go into all the things that have troubled my hon. Friend and other people for some years. Again, we try to do these things in parallel. We are trying to draw a line under the past and then make sure that practice in future attracts less criticism because there is less ground for it. We cannot start the Gibson inquiry until the police have completed their investigations, which are still ongoing; as soon as they have concluded them, the whole question of rendition, among other things, will be looked at by the inquiry.

Andrew Miller (Ellesmere Port and Neston) (Lab): The Secretary of State rightly highlighted the importance of the growing cyber-threat. He is of course aware that the vast majority of targets of those threats are in areas such as finance, utilities and so on, which, historically, we have not regarded as places where security threats would occur. This now requires a much higher level of engagement from employees and people working in those sectors. Will he take steps to ensure that the industries where there are real threats are carried with us in this important regard?

Mr Clarke: As the hon. Gentleman knows, we are investing in cyber-security. He is right to say that this is now an extremely important issue for many sectors of British industry, as well as for the Government, that complicates matters and gives rise to the need for more actions now. There are myriad circumstances in which national security may be compromised by certain material. Some of the simpler ones arise because the identity of informants might be revealed. In others, the existence of some particular technology of which the other side is blissfully unaware will be revealed if one starts putting in one's intelligence material. It is just as important to national security that those who are not friends of this country should not always know the capacity of the intelligence services in these cases. That is why the growing problem of cyber-security is a particular reason for strengthening our procedures and strengthening their supervision by this House.

Cabinet Secretary Report (Government Response)

1.14 pm

The Leader of the House of Commons (Sir George Young): With permission, Mr Speaker, I would like to make a statement on the Cabinet Secretary's report on the allegations against my right hon. Friend the Member for North Somerset (Dr Fox). In the interests of transparency, the Prime Minister published the report in full yesterday afternoon and copies were made available to Members immediately after publication. The Government have come to the House at the earliest appropriate moment following the report's publication. It is not usual for the Government to make an oral statement following the resignation of a Minister. However, given the wider implications of the Cabinet Secretary's report, it is right that the House has an opportunity to consider the Government's response.

Before coming to the report, I would like first to set out to the House the changes to the regulations governing Ministers which this Government have already introduced. In May 2010, the Prime Minister published a new ministerial code and committed the Government to an unprecedented level of transparency. The Government are publishing on a quarterly basis details of all Ministers' meetings with external organisations, including lobbyists, and including meetings with senior media executives; all hospitality received by Ministers; all gifts given and received by Ministers over £140; all Ministers' visits overseas; contracts over £25,000; special advisers' salaries over £58,200, and estimated pay bill; special advisers' gifts and hospitality received; spend on Government procurement cards over £500; and senior officials' hospitality expenses and meetings with external organisations.

The Prime Minister also significantly tightened the rules regulating former Ministers when they leave office. Former Ministers are now barred from lobbying Government for two years, as well as having to get the advice of the independent Advisory Committee on Business Appointments for any appointments or employment they wish to take up for a period of two years after leaving office, and the code makes it clear that former Ministers must abide by the advice of the Committee.

Turning now to the matter in hand, following speculation in the media my right hon. Friend the Member for North Somerset requested that the permanent secretary at the Ministry of Defence investigate the allegations. The Prime Minister then asked the Cabinet Secretary to establish the facts of the case in relation to allegations in the context of the ministerial code. The interim report prepared by the permanent secretary found that

> "there are areas where the current guidance on propriety and the management of Ministerial Private Offices needs to be strengthened".

As the ministerial code makes clear, it is the Prime Minister's duty to enforce the ministerial code, having consulted the Cabinet Secretary. My right hon. Friend the Prime Minister has therefore acted at all times in accord with the proper process.

Last week, my right hon. Friend resigned as Defence Secretary. As he said in his resignation letter to the Prime Minister:

> "I mistakenly allowed the distinction between my personal interest and my government activities to become blurred".

My right hon. Friend the Prime Minister accepted my right hon. Friend's resignation from Government and his reasons for resigning while making it clear that he viewed him as a superb Defence Secretary, who had implemented fundamental changes that will help to ensure that our armed forces are fully equipped to meet the challenges of the modern era—and I wholeheartedly endorse that view.

The report by the Cabinet Secretary confirms that my right hon. Friend did indeed breach the ministerial code. The ministerial code requires Ministers to ensure that no conflict arises, or could reasonably be perceived to arise, between their public duties and their private interests, financial or otherwise. My right hon. Friend's actions constituted a clear breach of the ministerial code which he has already acknowledged. However, as recognised in the Cabinet Secretary's report:

> "Dr Fox has stated to Parliament Mr Werritty had no access to classified documents and was not briefed on classified matters. There is nothing in the evidence we have taken to contradict this."

The report also says that

> "there is no evidence from this review that casts doubt on Dr Fox's statement to Parliament that public funds were not misused"

or

> "that Dr Fox gained financially in any way from this relationship".

The permanent secretary at the Ministry of Defence has already accepted that there should have been much tighter procedures within the Department and is taking steps to strengthen them to ensure that the ministerial code is properly adhered to.

The Cabinet Secretary's report concludes that my right hon. Friend's close and visible association with Mr Werritty in the UK and overseas, and the latter's use of misleading business cards, has fuelled a general impression that Mr Werritty spoke on behalf of the UK Government. The risks of my right hon. Friend's associations with Mr Werritty were raised with him by both his private office and the permanent secretary. My right hon. Friend took action in respect of business cards, but clearly made a judgment that his contact with Mr Werritty should continue. This may have been a reasonable judgment had the contacts been minimal and purely personal and had not involved Mr Werritty's frequent attendance at meetings in the MOD main building and on overseas visits. The damage arose because the frequency, range and extent of the contacts were not regulated as well as they should have been, and that was exacerbated by the fact that the Department was not made aware of all the various contacts.

The Cabinet Secretary also concluded that the links and a lack of clarity in the roles meant that the donations given to Mr Werritty could give rise to the perception of a conflict of interests. He went on to say that there was an inappropriate blurring of the lines between official and personal relationships. Mr Werritty should not have been provided with access to my right hon. Friend's diary and itinerary. Nor should he have been allowed to participate in the social elements of the then Defence Secretary's overseas trips in a way that might have given rise to the impression that he was part of the official party. He should not have had meetings in the MOD with such frequency, as that access may have provided others with a belief that Mr Werritty was speaking for Government and was part of an official entourage. That impression was, of course, reinforced by the business cards that Mr Werritty provided to people.

[Sir George Young]

The Cabinet Secretary has recommended further strengthening of procedures across Government. There are five specific recommendations in his report and it is worth setting those out in full. The first is:

> "Where discussions take place with external organisations which raise substantive issues relating to departmental decisions or contracts and where an official is not present Ministers should inform their department."

The second is:

> "On Ministerial visits, whether in the UK or abroad, departments should make sure there is no confusion about who is and is not a member of the Ministerial party",

and the third states:

> "Officials should accompany Ministers to all official visits and meetings overseas at which it is expected that official matters may be raised, and should seek guidance from the FCO if there is any uncertainty about the status of such meetings or the attendance of non-officials at them."

The fourth is:

> "Permanent Secretaries should discuss with Ministers at the time of their appointment and regularly thereafter whether any acquaintances or advisers have contractual relationships with the department or are involved in policy development. The Minister and the Permanent Secretary should take action as necessary to ensure there can be no actual or perceived conflict of interest in line with the principles of the Ministerial Code."

Finally:

> "Permanent Secretaries should take responsibility for ensuring departmental procedures are followed, and for raising any concerns with Ministers, advising the Cabinet Secretary and ultimately the Prime Minister where such concerns are not resolved."

The Prime Minister has accepted those recommendations in full and the Cabinet Secretary is writing to permanent secretaries today to set out the processes that now need to be followed.

Finally, I will turn briefly to wider action that the Government already intend to take to ensure greater transparency between Ministers and external organisations. The coalition agreement committed us to regulating lobbying through introducing a statutory register of lobbyists, ensuring even greater transparency. It is worth noting from the Cabinet Secretary's report that:

> "Whilst Mr Werritty was not a lobbyist, the Government's commitment to consult on a statutory register of lobbyists will bring further transparency to this area."

We intend to produce a consultative document setting out our proposals next month, with an aim of legislating next year. This work is being taken forward by the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Forest of Dean (Mr Harper), and my hon. Friend the Deputy Leader of the House.

At the end of the last Parliament, public trust in Parliament was at an unprecedented low. This Government are committed to working to rebuild confidence in our political and democratic institutions and we will continue to put in place any measure necessary to ensure that the highest standards rightly expected of our elected representatives are met.

I commend this statement to the House.

Ms Angela Eagle (Wallasey) (Lab): I thank the Leader of the House for his statement, but what a condemnation it was of the way in which government is being run in this country. It is a matter of deep regret that the Prime Minister has chosen not to deal with this statement himself. It is the Prime Minister and not the Leader of the House who is the guardian of the ministerial code, and who has the final say on who is fit to be in his Government. Today, he has ducked those responsibilities.

When news of the potential wrongdoing at the Ministry of Defence first surfaced, the former Secretary of State for Defence announced an inquiry into himself, but only after he had called the allegations "baseless". As the revelations mounted daily, the Prime Minister belatedly announced this limited inquiry by the Cabinet Secretary. By then, it was apparent to everyone that the ministerial code had been breached. The Secretary of State admitted as much. Why then did the Prime Minister not refer this case to the independent adviser on Ministers' interests, Sir Philip Mawer?

What we have today is a far cry from such a full, independent, external inquiry. The Cabinet Secretary has been forced to rely on the word of Adam Werritty and the former Defence Secretary, whose explanations have repeatedly unravelled at the first hint of scrutiny. This report merely scratches the surface of potential misconduct in government. Consequently, it raises more questions than it answers.

Even in its narrow and limited form, the Cabinet Secretary's report is damning. It finds the former Defence Secretary's conduct

> "not appropriate and not acceptable".

It reveals, in stark detail, multiple breaches of the ministerial code. The former Defence Secretary has knowingly circumvented the long-established rules that are in place to prevent conflicts of interest from arising. The report shows that wealthy individuals funded Adam Werritty. He was, in effect, a privately funded special adviser. The former Secretary of State's shadow political operation routinely undermined our civil service structures and their accountability. The report fails to expose the full facts about the money trail. There is no investigation into the benefits that Adam Werritty received. There is no full disclosure of his funders and the purpose behind the donations. Given the Prime Minister's failure to answer this question earlier today, can the Leader of the House give the House a categorical assurance that no similar practices are taking place anywhere else in this Government?

I turn now to the details of the report. We need answers on the following issues. The role of the Sri Lanka Development Trust is not considered in the report. Mr Werritty's presence in Iran, Washington and Israel remains unexplained. We do not know whether Mr Werritty profited from his association with the former Defence Secretary, although we do know about the five-star nature of his taste in flights and hotels. We do not know what those secretive donors, who were in effect Mr Werritty's paymasters, were promised for their money, nor indeed if they got it. We do not know whether the former Defence Secretary commissioned any work from the MOD as a result of the offline and irregular meetings brokered by Mr Werritty. We do not know which other Ministers and senior staff have met Mr Werritty, because the Prime Minister has refused to publish a full list. That is totally unacceptable. A full list must be published. In order to deal with all those issues, will the Leader of the House agree that further investigation is both essential and urgent?

Will the Leader of the House also tell the House whether he has initiated an inquiry into the use by the former Defence Secretary of his parliamentary office to run Atlantic Bridge as a charity, and whether he is satisfied that that was proper under parliamentary rules? Some of the key funders of Atlantic Bridge were the key funders of Adam Werritty. They are also the key funders of the Conservative party. The links are complex, but they are deep and well-established.

We learned yesterday of the meeting between Adam Werritty and two members of the existing Defence team. They must give the House a full explanation of the details of those meetings and their connections to Adam Werritty.

We also learned in the report that the risks of the former Defence Secretary's association with Mr Werritty were raised with him by his private office, the permanent secretary, a former permanent secretary and a former Chief of the Defence Staff. He chose to ignore those warnings. Why was he allowed to make that choice? What did the permanent secretary at the MOD then do? Were any of those concerns raised with the Cabinet Secretary and, if so, did the Cabinet Secretary raise them with the Prime Minister? Why was this situation allowed to continue for so long? Why was the former Defence Secretary allowed to treat the ministerial code as if it was an optional extra?

The report recommends that senior civil servants have greater oversight of ministerial behaviour. Yet the fact remains that it is Ministers who are responsible for their own conduct and the Prime Minister who is the guardian of the ministerial code. He is expected to enforce it, not allow it to be broken multiple times.

Before the last election, the Prime Minister promised to end the

> "cosy relationship between politics, government, business and money".

That promise has now been broken. This scandal has only damaged public confidence in the Government further. Meetings without civil servants; money off the books; luxury social visits in between visits to our brave servicemen and women; and today, the Prime Minister's contempt on the matter was revealed. Simply saying that the Defence Secretary has resigned is not good enough. The Government need to take responsibility for this self-inflicted crisis. The House needs answers to the unanswered questions, or people will only conclude that this Government have something to hide.

Mr David Anderson (Blaydon) (Lab): On a point of order, Mr Speaker.

Mr Speaker: Order. We do not take points of order in the middle of statements, or at any time in statements, only afterwards.

Sir George Young: I will go through the issues that the hon. Member for Wallasey (Ms Eagle) raised. No Prime Minister has ever made a statement to the House following the resignation of a Minister. In circumstances such as these, when there has been a report on a breach of the code, there has normally been a written ministerial statement. There has never before been an oral statement in circumstances such as these, but this Government have come to the Dispatch Box at the earliest stage, having made a written ministerial statement and set out our proposals.

The hon. Lady said that the Cabinet Secretary or the Prime Minister had not followed due process. If she looks at paragraph 1.3 of the ministerial code, she will see that it states:

> "If there is an allegation about a breach of the Code, and the Prime Minister, having consulted the Cabinet Secretary feels that it warrants further investigation, he will refer the matter to the independent adviser on Ministers' interests."

That is exactly what he has done. We have established that there has been a breach of the code, the Secretary of State has resigned and we have a comprehensive report identifying the breaches and making recommendations for the future. It is not a superficial report; it is a comprehensive piece of work by the Cabinet Secretary, and the House should be grateful for it.

I turn to the specific questions that the hon. Lady asked. Other Ministers are perfectly happy to make it clear whether they have met Mr Werritty. On whether similar practices are going on throughout Government, if she has any evidence I would like her to bring it forward. *[Interruption.]*

Mr Speaker: Order. Members must not chunter or, worse still, yell at the Leader of the House. He must be heard.

Sir George Young: It is worth noting that paragraph 11 of the Cabinet Secretary's report states:

> "I am of the view that this is an issue which was specific to Dr Fox."

The hon. Member for Wallasey raised a number of other issues, some of which are for other bodies to deal with. If she looks at paragraph 1 of the Cabinet Secretary's report, she will see that it states:

> "Since then, more allegations about Dr Fox's conduct have arisen many of which will be the responsibility of others to answer, including the Electoral Commission which regulates political parties and their funding."

She also asked a specific question on a matter that is the responsibility of the Charity Commission.

The hon. Lady then asked what went wrong in the Ministry of Defence. If she reads the report, she will see that what went wrong was that the permanent secretary did not raise the issue with the Cabinet Secretary, who would then have raised it with the Prime Minister. There is a specific recommendation in the report that that situation should not happen again, and that if there are any future instances, the permanent secretary should notify the Cabinet Secretary, who will notify the Prime Minister.

I say very gently to the hon. Lady that her party is not negotiating from a position of strength on this issue. I think what the public want is a serious debate about what went wrong, and they want Members on both sides of the House to join together in driving up standards in public life.

Several hon. Members *rose*—

Mr Speaker: Order. I remind right hon. and hon. Members who came into the Chamber after the start of the statement—there were several of them on both sides of the House—that they certainly should not expect to

[Mr Speaker]

be called. It would be much better if they did not stand. This is an Opposition day and there is pressure on business, so brevity is of the essence.

Mr Andrew Tyrie (Chichester) (Con): I warmly welcome the Leader of the House's statement. In it, he said that senior civil servants "accepted that there should have been much tighter procedures within the Department". Will he say specifically what is wrong with existing procedures, and what steps he is taking to ensure that the failing lies with those procedures rather than with the action or inaction of the civil servants themselves?

Sir George Young: I thank my hon. Friend for his endorsement. What went wrong was that the permanent secretary, having raised the matter with the Secretary of State, and the Secretary of State having persisted in the behaviour that she found disturbing, did not take further action. The matter should have been escalated to the Cabinet Secretary, who would then have notified the Prime Minister. A specific recommendation is going out to all permanent secretaries today that should there be a recurrence in future, it should be escalated. Had that happened in this case, the issue probably would have been addressed at a much earlier stage.

Mr Ben Bradshaw (Exeter) (Lab): I feel sorry for the Leader of the House for his being forced to make this statement because the Prime Minister does not have the gumption to do so.

Given that it was quite clear on day one of this scandal to anybody who has bothered to read the ministerial code that the Minister in question not only broke it but drove a coach and horses through it, why the dither and delay from the Prime Minister? Does that not show yet again that we have a Prime Minister who does not do detail and does not have a clue what is going on in the rest of his Government?

Sir George Young: If I may say so to the right hon. Gentleman, I think that is way over the top. When Lord Mandelson resigned not once but twice, the Prime Minister did not come to the House to make a statement. In this case there is a statement from a Minister on the action that we propose to take to stop any recurrence. Far from the Prime Minister dithering or delaying, he asked for something to be on his desk on Monday. He then asked the Cabinet Secretary to produce a report. Out of decency and fair play, the Prime Minister decided to wait until the report was available rather than taking precipitate action. That is not dither and delay; that is fair play.

Robert Halfon (Harlow) (Con): Does my right hon. Friend not think it rather strange that some of those who are campaigning hard for a register of lobbyists did nothing over the past 13 years and created a lobbyists' free-for-all? Does he not also think that it is strange for the Labour party, which found itself in the Bernie Ecclestone lobbying scandal, to now pretend it is Mother Teresa?

Sir George Young: My hon. Friend reminds the House that, as I said a moment ago, the Opposition are not negotiating from a position of strength. It is indeed the case that from 1997 to last year, no action was taken to introduce a statutory register of lobbyists. When the Public Administration Committee recommended that in 2009, the Labour Government specifically rejected it, and they voted against other measures that would have promoted transparency, so I do not think we have any lessons to learn on this matter from Labour Members.

John Cryer (Leyton and Wanstead) (Lab): Is Mr Werritty the only unofficial representative acting on behalf of a Cabinet Minister or a Minister of State?

Sir George Young: If the hon. Gentleman has any evidence—[HON. MEMBERS: "Ah."] I think people should be careful before making general allegations without any specific evidence at all. This is a—*[Interruption.]*

Mr Speaker: Order. I apologise for interrupting the Leader of the House, but may I say to the House that he is a person of unfailing courtesy? I think that would be accepted on both sides of the House. He does not yell at other Members, and—*[Interruption.]* Order. And other Members should not yell at him.

Sir George Young: I quoted a passage from paragraph 11 of the Cabinet Secretary's report, in which he stated that he believed the situation was "specific to Dr Fox". I do not think there is any evidence at all that Mr Werritty had a similar relationship with any other Minister in the Government. If the hon. Member for Leyton and Wanstead (John Cryer) has any evidence of any irregularity, I think he should put it forward and substantiate what he has said.

Brandon Lewis (Great Yarmouth) (Con): I appreciate the Leader of the House's point about a register of lobbyists, and I add my voice to the call for a statutory register. Does he find it surprising to hear some of the comments from the Opposition, given that under the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), union officials were regularly in No. 10 unofficially attending meetings?

Sir George Young: I agree with my hon. Friend that this should not become part of the political currency between the two parties. On the issue of lobbying, as I think he knows, we plan to publish a consultation document early next month on our proposals for a statutory register of lobbyists, with a view to legislating next year.

Mr Michael Meacher (Oldham West and Royton) (Lab): I appreciate the right hon. Gentleman's seemingly all-encompassing catchment in the designation of lobbyists, but I would like assurance on two points. First, will he confirm that the ultimate funding of all lobbyists, think-tanks and all others who seek to exert influence will be revealed on an open public register that is readily accessible and tell us what the sanctions will be if that is not done? Secondly, since all those who seek to manipulate always want to escape detection, how will he deal with the admittedly difficult situation in which formal meetings suddenly morph into informal meetings where significant commitments might be made but remain undetected?

Sir George Young: I am very grateful to the right hon. Gentleman for his contribution. The answer to the first section of his question is yes, that is exactly what we have in mind: an open, accessible register of statutory lobbyists. On the other issues, we propose to consult on what exactly a lobbyist is. I think the definition should embrace what people outside generally believe to be lobbying and should be comprehensive. On the question of what activity is then caught, we would be very grateful for his views during the consultation process.

Charlie Elphicke (Dover) (Con): May I welcome the Leader of the House's statement? The Select Committee on Public Administration is looking into how we can do more to fix broken politics. I particularly congratulate him on ending the sofa government that we saw in the past as well as the tidal wave of sleaze, and I urge him to take action on the revolving door that still persists for former Ministers of this House.

Sir George Young: The revolving door is an issue I addressed in my statement and we are tightening up the process for it. I am delighted to hear that the Public Administration Committee, which originally proposed the statutory register in its report, is thinking of returning to this issue and I hope that it will inform the Bill when it is introduced.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): On 10 October, I asked the then Defence Secretary when he was first made aware of concerns by his permanent secretary. He said that

> "I was not aware of any direct approach from them. The first direct approach I can remember was when my current permanent secretary came to me in August".—[*Official Report*, 10 October 2011; Vol. 533, c. 30.]

That leads to two questions. Either the then Defence Secretary misled the House and he was made aware of that before then or the previous permanent secretary has some serious questions to answer. These things have been going on since he took office and for more than a year concerns have arisen and nobody has done anything. The civil service must look at its own conduct in how it makes people aware when things go wrong.

Sir George Young: I think it is clear from the report that things did go wrong in the Ministry of Defence. That was accepted in the permanent secretary's initial report. Procedures were not followed and we are learning from that and ensuring that there is no recurrence.

James Morris (Halesowen and Rowley Regis) (Con): Is it not the case that my right hon. Friend the Member for North Somerset (Dr Fox) has resigned and that the Cabinet Secretary's report could not be clearer that there was no breach of national security and that my right hon. Friend did not gain financially from any of these arrangements? Is not the most important thing now for the debate to move on? We have important operations in Libya and Afghanistan that we must focus on in the national interest.

Sir George Young: I agree with my hon. Friend. We have commissioned a report, we have found out what went wrong, we have made recommendations to put it right and we have learned the lessons. I agree that we should now move on.

Mr David Anderson (Blaydon) (Lab): Both in questions to the Prime Minister and during this statement today, the question of whether other Ministers have behaved in a similar manner has been raised. The Leader of the House has made it clear that anyone who wants to make allegations should do so. I do not think that people are making allegations—they are raising the general worry that the rest of the population of this country feels. If someone as experienced as the former Secretary of State allowed this to go on, thinking that it was reasonable, surely it is possible that other Ministers, equally unwittingly, might be doing the same thing. Would it not benefit us all if the Cabinet Secretary were to look into all these things to ensure that there is not any other concern?

Sir George Young: I understand the hon. Gentleman's point, but in the last Parliament a number of Ministers from his party had to resign. We never made any suggestion that because one Minister had broken the code, all Ministers had broken the code, and it is important that similar accusations should not be made in this Parliament.

Chris Bryant (Rhondda) (Lab): The trouble with the idea of trying to move on is that we are seeing a pretty shabby pattern in which the Prime Minister is given evidence, refuses to look at it but holds on for dear life to as many of his friends as he can. It happened with Coulson and it has happened again now. Now there is evidence about the hon. Member for Bexhill and Battle (Gregory Barker) and his apparent adviser, Miriam Maes. Will there be an investigation into that, too?

Sir George Young: On the first point, to say that the Prime Minister refused to look at the evidence is simply absurd as he looked at it, published it and has acted on it. As for the issues concerning the Department of Energy and Climate Change, the matter has been resolved. The person concerned is an adviser to the Department and not to a Minister.

Mr David Winnick (Walsall North) (Lab): Is the Leader of the House aware that some good has come out of all this, as it has shown up the whole murky world of various shady and dubious lobbyists and various individuals who have contributed heavily to the Tory party? One thing is absolutely clear: the Tory party has not changed from last time it was in office.

Sir George Young: It would be easier to take the hon. Gentleman seriously on this had he not voted against a specific amendment to promote transparency in lobbying.

Jonathan Ashworth (Leicester South) (Lab): A few moments ago, the Leader of the House said—if I heard him correctly—that other Ministers would be perfectly happy to reveal whether they had meetings with Mr Werritty. Will he therefore tell the House when we will get a full and comprehensive list of all meetings between Ministers and Mr Werritty and whether it will extend to senior officials, too?

Sir George Young: It has already been put in the public domain for a number of Government Departments. It will be put in the public domain by the rest of the Departments very shortly.

Huw Irranca-Davies (Ogmore) (Lab): How many Government Front-Bench Members have received donations from Pargav Ltd and will the Leader of the

[Huw Irranca-Davies]

House investigate that? May I urge on him caution about the defence of bringing forward evidence? The last time that was used was on the 10th of this month and the former Secretary of State subsequently resigned, having used that very defence.

Sir George Young: Any donations that Ministers or any Members of the House have received from a company such as Pargav have to be put in the Register of Members' Financial Interests.

Mr Nigel Dodds (Belfast North) (DUP): I welcome the fact that the Government are adopting the procedure of coming forward today and making a statement, which is a departure from previous practice and is to be welcomed. One of the recommendations of the report is that greater responsibility should be given to permanent secretaries to ensure that departmental procedures are followed, yet in this case the permanent secretary at the MOD has already accepted that there should have been much tighter procedures within the Department. What confidence can the public have, given the obvious failings within the Department at that senior level?

Sir George Young: The recommendations apply not just to the permanent secretary but, for example, to the private office as well. I am grateful to the right hon. Gentleman for his welcome for this new procedure and I hope that it is one that I do not have to follow too often.

Mr Andy Slaughter (Hammersmith) (Lab): How is what the Leader of the House has said about conflicts of interest or perceived conflicts of interest and the ministerial code be consistent with the approach the Government have taken in the case of the hon. Member for Huntingdon (Mr Djanogly), who has been relieved of those areas of his portfolio where such a conflict might occur?

Sir George Young: That matter has been dealt with by the Cabinet Secretary.

Fiona Mactaggart (Slough) (Lab): The Leader of the House said in his statement that Mr Werritty was not a lobbyist. How then will the register and the reforms that he proposes affect the behaviour of someone like *Mr Werritty?*

Sir George Young: I did not say that I did not think that he was a lobbyist but that the Cabinet Secretary did not think that he was a lobbyist. When we publish the consultation paper next month, we will be open to consultation on what a lobbyist is. In the view of many people, the definition should include Mr Werritty.

Kevin Brennan (Cardiff West) (Lab): Leaving political differences aside, it is a genuine shame that one of the few members of the Government from an ordinary background has been forced to resign. Will the Leader of the House tell us how many donations were solicited by the former Defence Secretary, how much those donations were valued at and why he solicited them?

Sir George Young: I am grateful for what the hon. Gentleman said about my right hon. Friend the Member for North Somerset (Dr Fox), but he was not forced to resign. He chose to resign last Friday and set out the reasons for that in his letter.

Paul Flynn (Newport West) (Lab): Is it not the prime duty of the Leader of the House to try to restore public faith and confidence in this institution? We handled the expenses scandal in an atrocious way that damaged us greatly. Would it not be a terrible mistake if we ignored the real abuses of the revolving door and of lobbying and went ahead and indulged in a process of blaming each other? If we are going to be successful in convincing the public, we must follow the Public Administration Committee. Otherwise, the public will look at this debate today and say, "Same old MPs, same old sleaze."

Sir George Young: I believe that the hon. Gentleman's question will be the last. On that consensual note, I hope we can draw these exchanges to a close.

Personal Statement

1.49 pm

Dr Liam Fox (North Somerset) (Con): Two weeks ago, I visited Misrata in Libya, and I met a man who showed me photographs of his dead children. A few days later, I resigned from the Cabinet. One was an unbearable tragedy, the other was a deep personal disappointment. I begin with that necessary sense of proportion.

As I said in the House last week,

> "I accept that it was a mistake to allow distinctions to be blurred between my professional responsibilities and my personal loyalty to a friend."—[*Official Report*, 10 October 2011; Vol. 533, c. 23.]

I accepted then that it was a mistake to attend a meeting with a potential supplier without an official present and, with hindsight, I should have been more willing to listen to the concerns of those around me. I have attempted to be clear and transparent on all the issues raised.

I would like to say again that I am very sorry to my colleagues in the House and to all those who feel let down by the decisions I have made. I have always believed in personal responsibility, and I accept the Cabinet Secretary's conclusions. I am pleased at the explicit acknowledgment that I neither sought, expected nor received any financial gain. That was being widely and wrongly implied. I also welcome the clarification of the fact that no national security issues were breached, that no classified documents were made available, and that no classified matters were briefed. Those accusations, too, were widely made and are deeply hurtful.

The ministerial code has been found to be breached, and for this I am sorry. I accept that it is not only the substance but perception that matters, and that is why I chose to resign. I accept the consequences for me without bitterness or rancour. I do not blame anyone else, and I believe that you do not turn your back on your friends or family in times of trouble. However, it is unacceptable that family and friends who have nothing to do with the central issues should be hounded and intimidated by elements of the media, including in this case elderly relatives and children. It is difficult to operate in the modern environment, as we know, where every bit of information, however irrelevant or immaterial, is sensationalised, and where opinions or even accusations are treated as fact. It was particularly concerning that Harvey Boulter, who was present at the Dubai meeting and subsequently the defendant in a blackmail case, was treated so unquestioningly.

Last week's media frenzy was not unprecedented, and it happens where a necessary free press and politics collide, but I believe that there was, from some quarters, a personal vindictiveness—even hatred—that should worry all of us. But just as these events can bring out the worst in human nature, they also bring out the best. I have been touched, and frankly overwhelmed, by huge numbers of letters, e-mails and calls, from friends and strangers alike, in particular from my constituents in North Somerset. That has meant more to me than anyone can know.

I would also like to thank my parliamentary colleagues, including those in the Cabinet, for their strong and generous support, which shows politicians at their best—although I apologise that it may take me some time to get round to thanking all of you in person.

I am also indebted to my loyal staff for their support, in particular to my special advisers, who find themselves out of work as a result of my decision. I will miss the Ministry of Defence and the fantastic people who work there, military and civilian. It has been a life-changing experience and a great honour to work with some of the bravest and best people in our country. I am proud of what we have achieved there in 17 months and I will help in any way my successor, who I know will do an absolutely excellent job.

I would like to thank my family and friends for their love and support. It is not easy to watch someone you care about being attacked in a very aggressive and prolonged way. We choose this life; they do not. Of course, I would like above all to thank my wife, Jesme, who has dealt with this whole business with her usual grace, dignity and unstinting support.

Finally, it is not always easy to be in public life, but it is an honour, so I would like to thank all the party leaders, including the Prime Minister, who have enabled me to serve on the Front Bench for 17 consecutive years. I will give this Government my full support as they rescue our economy from the mess we inherited.

Most of all, I would like to thank my constituents in North Somerset for giving me the honour to represent them in the House of Commons and the opportunity to serve.

Point of Order

1.55 pm

Thomas Docherty (Dunfermline and West Fife) (Lab): On a point of order, Mr Speaker.

Mr Speaker: I ~~will~~ take this point of order if it is not about any of the matters about which we have just heard.

Thomas Docherty: This morning's Scottish newspapers have gained information from Alex Salmond and the Scottish National party Government about a commercially sensitive deal for a £1billion project that will potentially take place in my constituency. It is clearly unacceptable to the House for an SNP Government to breach such commercial discussions. Can you advise what opportunities would be available to the House to discuss this important issue in the coming days?

Mr Speaker: I think I can. I can advise the hon. Gentleman, a doughty and indefatigable campaigner on behalf of his constituents, to use every ounce—and there are many—of his ingenuity, through the Order Paper and in other ways, further and at greater length to draw attention to his dissatisfaction. I feel sure that that is what he will do.

Fee Charging Debt Management Companies (Promotion of Free Debt Management Advice)

Motion for leave to bring in a Bill (Standing Order No. 23)

1.55 pm

Yvonne Fovargue (Makerfield) (Lab):I beg to move,

That leave be given to bring in a Bill to require fee charging debt management companies to inform potential clients of the availability of free advice on debt management; and for connected purposes.

I have brought forward this Bill to level the playing field between the fee-charging debt management companies, which can spend a considerable amount of money on advertising, and the free agencies, which put all their money into providing a service, and which consequently might not be as well known. In fact, a Google search for "debt advice", or even for "citizens advice" brings up two debt managements companies at the top of the list, which promise to

"wipe off 75% of your debts".

Individuals who are looking for a solution to their debts are essentially making a distress purchase. They have realised that their debts are mounting and made that difficult decision to seek help to deal with them. However, searching and deciding on a debt management solution is not like looking for other services. Many people have struggled alone for a considerable time and feel ashamed; they might not have told even their family and friends. It is not like going to a neighbour and asking them to recommend a plumber, and I have never yet heard of anyone asking their mates in the pub whether they have been in debt and who helped them to get out of it.

Instead people turn to the internet or advertisements, or even to a company that has cold-called them. If they are lucky, they go to a citizens advice bureau, but very few have heard of Payplan, National Debtline or the Consumer Credit Counselling Service, which could all help with free solutions tailored to the individual.

What is the problem with fee-charging debt management agencies, beyond the obvious contradiction of charging individuals to get out of their debts? It is estimated that 375,000 people in the UK are on commercially provided debt management plans, costing them £250 million in debt management fees each year. The CCCS estimates that for a debt of £30,000, a client of a debt management company pays £6,000 in fees to that company, and that they extend the life of their debt for 18 months.

Unfortunately, too many of those companies take advantage of people when they are at their most vulnerable. Many people end up in a worse financial situation than when they first sought help. There is significant evidence of companies providing misleading information about their services. They claim to be able to write off debts and charges, and to give free advice, although fees are involved. There is also evidence of some payday lenders acting as an introducer to a debt management company. If that is not a case of, "We'll get you into debt and then tell you about somebody who you can pay to get out of it," I do not know what is.

It has been reported that rather than promoting free debt advice, some fee-charging companies have told callers that the CAB is not a specialist money adviser, and not to deal with it on a one-to-one basis. One individual approached a bureau for help after a company refused to cancel a plan that he signed up for within the 14-day cooling-off period. After the CAB intervened the agreement was cancelled, but the company told the client that the bureau would not contact the creditors, so she risked court action by doing what she was doing. High management fees, particularly up-front fees, can also be a particular problem. In one case, an individual was cold-called by a debt management company and paid an up-front fee of £1,000 before receiving any advice at all. I had a constituent who paid £300 to a fee-charging debt management agency, only to find out that they then had no disposable income, after which the agency referred them to my local CAB.

Up-front fees are not the only problem, however. Ongoing fees are also an issue, as companies need to recoup their costs early in the life of the agreement. When I worked for an advice agency, I saw a client who had been paying £80 a month to a debt management company for six months, not one penny of which had gone to her creditors. She said that she did not know where to go, so she looked on the internet and contacted the company. She was considerably upset when she realised that her debt had actually increased, despite those payments, because the interest had not been frozen. Also, debt management companies cannot and do not offer the full range of debt remedies available to an individual, and on occasion have even failed to inform clients of the need to pay their priority creditors first. Another CAB client reported that she was encouraged to make offers via a debt management company to her non-priority creditors, for which they took a fee. As a result she struggled with her mortgage payments, fell into arrears and is now worried about losing her home.

The number of complaints to the Financial Ombudsman Service is rising. There have been 457 new complaints in 2010-11, a staggering 54% of which were upheld in favour of the consumer. The complaints generally fall into two categories. The first is poor administration: money paid to a company is kept in that company's accounts for a considerable time rather than being paid to the creditors. The second is when, as I have described, a high proportion of the money paid is retained by the company to cover its costs rather than being paid to creditors. This demonstrates that it is not only the individuals who suffer detriment but their creditors, who could be paid much more money more quickly.

It is surely obvious, therefore, that making people aware of free quality agencies, which make sure that all the money paid goes to the creditors, will benefit both parties. An argument often used by the fee-charging sector is that there is insufficient capacity in the free sector. I agree that this needs to be carefully monitored and that a sustainable cross-governmental strategy for the provision of free debt advice is essential. However, a recent partnership between the CCCS and Citizens Advice has demonstrated that the agencies are working together to direct people to the most appropriate form of advice and to ensure that the most expensive form of delivery, the face-to-face advice, is kept for the people who need it most—the most vulnerable—and that people do not have to turn to the fee-charging debt management sector through lack of available free advice.

No one should suffer through ignorance of the services available to help them, and I believe that the Bill will provide for individuals to be informed of the full range of agencies able to support them, instead of allowing them to fall into the hands of some of the fee-charging companies that propel them into further debt and despair.

Question put and agreed to.

Ordered,

That Yvonne Fovargue, Nic Dakin, Phil Wilson, Sheila Gilmore, Alex Cunningham, Teresa Pearce, Justin Tomlinson, Damian Hinds, Tracey Crouch, Tessa Munt, Jonathan Edwards and Dr Julian Huppert present the Bill.

Yvonne Fovargue accordingly presented the Bill

Bill read the First time; to be read a Second time on Friday 20 January 2012, and to be printed (Bill 237).

Opposition Day

[UNALLOTTED DAY]

Energy Prices

[Relevant documents: The Fourth Report from the Energy and Climate Change Committee, Electricity Market Reform, HC 742 and the Government response, HC 1448, and the Sixth Report from the Committee, Ofgem's Retail Market Review, HC 1046, and the Government response, HC 1544.]

2.4 pm

Caroline Flint (Don Valley) (Lab): I beg to move,

That this House believes that the energy market does not serve the public interest and is in need of urgent reform; notes with concern research by OFGEM showing that average household energy bills have risen, while energy companies' profit margins have soared; recognises that, with a cold winter forecast and Government support cut, millions of families will struggle to heat their homes; believes that energy tariffs are confusing and unfair, meaning that 80 per cent. of people currently pay more for their energy than they need to, and that consumers who try to switch are often given inaccurate information; further believes that to tackle climate change, build a new low carbon economy and make the UK a world leader in green energy, which will bring new industry and jobs to the UK, people need to know that the energy market is fair; and calls on the Government to investigate mis-selling and ensure consumers are compensated, introduce a simple format to be applied across all tariffs, so that people can compare the full range of energy deals at a glance, increase transparency by requiring energy companies to publish their trading data, reform the energy market to break the dominance of the Big Six by requiring them to sell power into a pool, allowing new businesses to enter the market, increasing competition and driving down energy bills for families and businesses, and demand that energy companies use their profits to help reduce energy bills this winter.

I am pleased to move this Opposition day motion, and it is good to see the Secretary of State in his place this afternoon; we were all concerned for his well-being after his no-show on "Newsnight" on Monday. It was the day of that amazing energy summit, yet he was nowhere to be seen. That tells us just how well the summit went. As today's report on fuel poverty highlights, the stakes could not have been higher: according to the National Grid Company's forecast last week, this winter could be as bitter as last year, which saw the coldest December on record. Moreover, energy bills have risen by more than 20% this year alone, driving inflation to the second highest level in Europe, and have risen by more than 50% in the past four years, which means that the average family is now paying £1,345 a year just to keep the lights on and the house warm.

That matters. People do not have a choice about whether to consume energy. At the same time as more than one quarter of families are struggling to afford their energy bills, more price rises are on the horizon and more families are worried about how they will make ends meet, yet energy companies are enjoying soaring profits. On Monday the Secretary of State got the big six energy firms, which between them control 99% of the market, into the same room. With them were consumer groups such as Which? and Consumer Focus. It was the ideal opportunity to get a grip on spiralling energy bills, but what was the big idea? What was the bold plan? What was the new policy?

We were given two words that will strike terror into the hearts of the big six energy firms, two words that will give reassurance to millions of families worried about how they are going to heat their homes this winter: "Go compare". I honestly thought that the Prime Minister was going to come dressed as the opera singer Gio Compario and force the summit's reluctant audience to endure a chorus. He might as well have done, for all the good that came out of it. Meanwhile, the Secretary of State could only look on—as the Prime Minister spoke and the public relations shots were taken—reduced to the role of the Prime Minister's meerkat.

Mr Charles Walker (Broxbourne) (Con): Does the hon. Lady agree that we should have been increasing generating capacity and building more nuclear power stations over the past 15 years?

Caroline Flint: That is why, as we left office, we set in train the opportunity to put in place a more balanced energy generation selection for everyone, and that is why many of those policies are now being carried forward by the present Government.

But let us talk about this winter, this week, as the cold snap hits, and about the prices that families up and down the country are facing. Let us talk about the outcome of that energy stunt. There will be no overhaul of the energy market to break the stranglehold of the big six, there will be no radical simplification of the tariffs available, and there will not even be a pause for thought about whether cutting winter fuel payments for pensioners is the right thing to do, even though the Prime Minister accused Labour of lying when we warned, before the general election, that the Tories would cut them. The only message was: go compare. However, people can only go and compare if they have easy, accurate, transparent information on pricing, which we do not have. The number of tariffs on offer has risen from 180 three years ago to more than 400 today: there were more than 70 new tariffs just this year. That does not help consumer choice; it hinders it.

Robert Flello (Stoke-on-Trent South) (Lab): My constituents, when they look at this vast array of different tariffs, step back and think, "Well, what's the point? These six firms are effectively in cahoots anyway. They are almost operating a cartel." They think, "Why bother wading through all this treacle and looking at the different tariffs, because we know that we'll switch to one company and then, two minutes later, it will up its prices too."

Caroline Flint: My hon. Friend makes the point that many of our constituents are making about mis-selling, and the barrage of information that does not allow them to make a clear choice. If there are too many tariffs that are complicated to understand and difficult to compare, people cannot make informed decisions about which deal would be best for them.

Sajid Javid (Bromsgrove) (Con): The right hon. Lady will be aware that energy prices soared in Britain between 1997 and 2010. Heating oil prices increased in real terms by 130%, gas prices by 71% and coal prices by 61%. Does she think that that inspires confidence in her approach?

Caroline Flint: That is one of the reasons why in 2007 we started discussions across Europe, as part of the new third energy package, to ensure that national regulators had more powers and to introduce more competition and transparency. That is what my right hon. Friend the Member for Doncaster North (Edward Miliband) has been calling for ever since he was Energy Secretary, including now, as leader of the Labour party. It is interesting that we are only now beginning to see signs that the Government are getting behind the Miliband deal. *[Laughter.]* It is absolutely true.

The Secretary of State likes to lecture us about the need to check and switch, but what does his own Energy Minister say? Earlier this year he poured his heart out to the Select Committee on Energy and Climate Change about his struggle to find a cheaper deal. He said:

> "I went on line to compare my tariffs and I was so confused by the options that I decided to stick where I was".

That is what is happening to our constituents up and down the country. If the Minister himself cannot work out how to get a better deal, what hope is there for the rest of us? No wonder 80% of people are paying more for their energy than they need to.

Caroline Dinenage (Gosport) (Con): I recognise the passion with which the right hon. Lady speaks. I share her passion, because many people in my constituency, particularly pensioners, have been struck with fuel poverty. However, I am beginning to ask myself whether she has been asleep for the last 13 years as prices have gone up. This has not suddenly happened overnight; the problem has got increasingly worse over the last 13 years. What does she say about that?

Caroline Flint: I am afraid that the problem has got even worse in the last year. Prices have been going up, even though wholesale prices have been going down. In its recent reports Ofgem has quite rightly complained about the way the energy big six blame wholesale prices when they put their prices up, but when wholesale prices go down they are not as quick to send them down the other way. It is just not good enough.

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): Does my right hon. Friend agree that shopping around, as people are being told to do, is a totally hopeless choice when they are suffering so badly, in many different ways, from rising prices, and not just fuel prices? Given the profits that the energy companies are making, does she think that they should make a contribution by cutting prices?

Caroline Flint: Absolutely, and that is in our motion today. Every Member of this House has a chance to vote to urge the energy companies to share some of their profits with the people who are their customers and to get prices down. As my hon. Friends have said, the problem is that even when people try to find a better package they do not get the right information.

Mr Mike Weir (Angus) (SNP): Are things not, in fact, even worse than that? People can reduce the amount that they pay by switching only if they pay by direct debit, which acts against those on the lowest incomes who do not have bank accounts, and those of our constituents who do not wish to set up direct debits as they want the ability to decide which bills they pay when, in these difficult times.

Caroline Flint: Absolutely. There is no point in the companies having a system that does not recognise the situation of ordinary families. The National Pensioners Convention talks about the fact that fewer than six in 10 pensioners have access to a computer to go online. It is not fair or right. The onus should be on the companies, not the public. However, all the Secretary of State could do this week was blame the public: "It's your fault you're not getting out there and getting a better deal. It's your fault you're not saving yourselves £200 a time." He has got a lot to answer for, because he has just sat back and let people suffer.

Andrew George (St Ives) (LD): The right hon. Lady bemoans the unfairness in the direct debit discounts and the way in which those suffering from fuel poverty are treated by the system—there is also an issue with rising block tariffs—but all those things happened in the 13 years of the Labour Government. She is absolutely right to raise those important issues, but what did her Government do in that time to address them?

Caroline Flint: For a start, we had the most ambitious programme to help people in fuel poverty deal with their bills—the Government are cutting those measures—but we also started discussions across Europe about having Europe-wide legislation to tackle some of those issues by not only giving greater powers to regulators but ensuring more openness and transparency. I will talk about this more later, but I am sad to say that we are seven months overdue in implementing that legislation and putting into statute powers that we can use to control parts of the market. Perhaps the Secretary of State will say something more about why the package that my right hon. Friend the Leader of the Opposition was negotiating when he was Climate Change Secretary has not been implemented.

Research published by the consumer group Which? showed that when people contacted the big six energy firms to ask how they could save money—that is, when they made the effort that the Secretary of State lectures us about—a third of them were given misleading advice. Either those customers were deliberately misled or the tariffs were so complicated that not even the staff selling them understood them. Can we imagine any other product or service where we would accept four out of five customers being overcharged—not just once, but time and time again—and nothing being done about it? When four out of five families are paying over the odds for their electricity and gas it shows how out of touch this Government are to lecture people about shopping around.

People do not want a Government who blame them for the fact that their energy bills have gone up. Families and businesses that do the right thing, work hard and play by the rules cannot understand why this Government are not only allowing electricity and gas companies to increase bills by so much, but seem to be apologising on their behalf. On Monday the Energy Secretary told the "Today" programme:

> "Energy companies are not the Salvation Army",

and said that he expected them to

> "earn respectable returns for their shareholders".

We know that the energy companies are not the Salvation Army, but it should not be Government policy to drive people into the arms of the Salvation Army either.

Stephen Barclay (North East Cambridgeshire) (Con): Can the right hon. Lady explain why, in 2000, the Labour Government set a 10-year target of securing

[Stephen Barclay]

10% of electricity from renewables, with a starting point of 2.7%, yet failed to achieve it, adding only 6% in 10 years? In 2009 the current Leader of the Opposition set a legally binding target of 31%—in other words, signing us up to deliver 21% extra when we had already failed to achieve the 10% target in the preceding 10 years. Could she please explain that?

Caroline Flint: I am happy to support the Labour Government's ambitious plans to be at the forefront of supporting renewable energy—and also, I should add, cracking the whip to make the energy companies play their part. Part of the problem is that the energy companies seemed to be on a mission to make us use more energy and pay more, rather than helping us to reduce our energy consumption and therefore pay less. We have nothing to apologise for on that front. What we are talking about today is what is happening this week, as the frost hits, and this winter, when people will face not only high energy bills but higher food prices, and wage freezes in the public and private sectors, in a country where unemployment is going up and people are feeling the squeeze on all fronts.

The question is: what can this Government do about that now? The answer, from Monday's energy summit, seems to be: precious little. We do not think that this Government are doing enough. On Monday the Secretary of State could not bring himself to question whether it is right, at a time when millions of families and businesses are struggling with energy bills, that energy companies should be enjoying soaring profit margins, which are up more than eightfold since June. We do not think that it is, which is why we welcome *The Sun*'s "Keep it Down" campaign, and why we said that the Government should have used Monday's summit to tell the energy giants to give up some of their profits and cut bills this winter. Was it any surprise that the BBC correspondent reported that the energy companies were "delighted" with the outcome of the summit? Well, they would be, because they were not asked to do anything.

Jim Shannon (Strangford) (DUP): Does the right hon. Lady agree that the energy companies need to be regulated, and that, along with regulation, we need initiatives to reduce the supply of energy that they get, over a 12-month or even a 24-month period? Does she also agree that such arrangements would need to be regulated and guaranteed under legislation? Regulation of the companies and a reduction in the supplies that they give out, guaranteed by legislation, will be the way forward.

Caroline Flint: We are clearly on record as saying that we need to reform this distorted market. We need openness and transparency, and we need simpler tariffs. It is not enough just to tell people to navigate themselves around the increasing number of available tariffs that are no good. This is also about breaking up the big six and opening up the energy market to new suppliers. We are clear about that, and today we are forcing the Government to tell the House whether they, too, are clear about it.

John Robertson (Glasgow North West) (Lab): Has my right hon. Friend had a chance to look at John Hills's report on fuel poverty? He talks about the thousands of people who will die from hypothermia this winter. Does not that make any arguments about who is at fault completely superfluous? The fact is that we have to prevent those people from dying. What are the Government going to do about this? Are they going to put profit before people's lives?

Caroline Flint: I was pleased to be able to have a meeting with John Hills this morning to discuss his report. I would not want to make a direct comparison in this regard, but it is telling that more people die of cold in the winter than die on our roads. This is about recognising that, while certain actions will take time, we need to determine what can be done here and now. The sad thing is that Ministers are lecturing families and firms about insulating and saving, even though they have cut Warm Front by 70% and will not give anyone any information about their green deal for homes, which will not be ready for another year anyway. Labour invested more than £300 million in Warm Front during our last year in office, helping families to keep warm and save energy. We helped home owners on modest incomes to modernise their heating systems, but today that scheme has a budget of just £110 million, and it is due to end in April 2013. The Government could take action right now: they could also stand up to the energy companies and tell them to help people to help themselves. In doing that, they could perhaps save some lives.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): I agree with my right hon. Friend that we should be challenging the big six over their excessive profits. She is also right to point out, in relation to the Government's responsibilities, what Warm Front did to reduce fuel poverty. What does she think about the Government's cutting of winter fuel payments and replacing social tariffs with a poorly designed system? We must press the Government about those changes.

Caroline Flint: My hon. Friend brings to the House the expertise of a public health expert, and she makes an excellent point. How people live, and the homes and communities that they live in, are important to their physical well-being. For example, 80-year-old widows will lose £100 this winter that would have helped to heat their homes. And by the way, the Prime Minister had the brass neck to tell the public to check out free insulation, but he forgot to say that the insulation schemes run by the energy companies exist only because Labour legislated to require them to spend £300 million every year on reducing fuel poverty.

Robert Flello: My right hon. Friend will recall, as will most Members when the Government take us back to the 1980s, that it was Edwina Currie who said that pensioners had to stay in one room with a flask beside them, knitting themselves scarves and hats to keep warm. We are going back to that same territory, are we not?

Caroline Flint: I am afraid that Edwina Currie was in the news again only last week, when she said that she was not aware of anyone who could not afford to eat. People up and down the country are, however, facing the choice between keeping warm and having a hot meal. The sad thing is that many older people often make such sacrifices and keep quiet about them; they suffer on their own. In the voluntary sector, we are also seeing cuts to the services that support those people and help them to get access to their rights and to the deals that they deserve. This is a sorry tale of a sorry Government.

Guy Opperman (Hexham) (Con): May I draw the attention of my right hon. Friend to the report on fuel poverty by the Office of Fair Trading, which was published this week? She asks what is being done. The report described the stopping of practices by BoilerJuice—something that was set up on her watch—which allowed only one company to be in a position to market its products, namely DCC. Will she "go compare" that?

Caroline Flint: Whatever we do in public policy, the important thing is always to see whether it is hitting the mark and working as best it can. Does that mean that policies always stay the same? No, it does not.

I thank the hon. Gentleman for calling me his right hon. Friend, but I must challenge him and the Secretary of State over Labour's record on supporting families coping with their energy needs. I challenge the Secretary of State to deny that the Decent Homes programme, which involved the modernisation of 1.5 million homes, reduced energy consumption. I defy him to say that the code for sustainable homes did not improve the energy efficiency of new properties. I defy him to say that Warm Front did not reduce energy bills for more than 2 million households. I also defy him to say that the car scrappage scheme did not remove hundreds of thousands of old cars from Britain's roads and replace them with more fuel-efficient vehicles with lower emissions. I challenge him to own up to the House today to the fact that the regulations that his Government are introducing, seven months after they were required, arise from the third energy package agreed by my right hon. Friend the Member for Doncaster North when he was Secretary of State for Energy and Climate Change. Yes, it was Labour that agreed the legal agreement across the European Union to make the gas and electricity markets more competitive, to give new powers to the regulator, to reveal the financial records of the energy giants and to put in place a more competitive market that new suppliers could enter. The role of this Government, 18 months into office, is to delay the process of implementation.

Perhaps the Secretary of State is not just the Prime Minister's meerkat; perhaps he is also the Chancellor's poodle. Following the Osborne doctrine, which states, "We are going to cut our carbon emissions no slower, but no faster, than other countries in Europe", perhaps he now believes that, as the Chancellor said,

> "a decade of environmental laws and regulations are piling costs on the energy bills of households and companies."

Perhaps that is why, this week, the Secretary of State failed to stand up to companies over pricing, why he failed to express the anger that the public feel towards the energy giants, and why he meekly agreed to let the energy giants pledge not to raise their prices over the winter only after they had already increased them.

People expect, and deserve, a Government with the courage to stand up to powerful vested interests. This Government cannot even stand up to their own Back Benchers. A survey last year showed that, in spite of the overwhelming scientific consensus, one third of Tory MPs are climate change deniers who doubt the existence of climate change and its link to human activity. As ever, we are particularly grateful to the hon. Member for Mid Bedfordshire (Nadine Dorries) for the expertise that she brings to all matters scientific. On Monday, she solved an issue that has evaded scientists for generations when she told Radio 5:

> "You can't put solar panels on children's shoes."

I am glad that that thorny issue has been resolved once and for all, but this is all part of the background to the comments of the Chancellor at the Tory party conference, when he openly attacked low-carbon businesses to get cheap applause from Tory delegates. The truth is that this Government are not only out of touch but wedded to an out-of-date orthodoxy which, for too long, has allowed the City and companies such as the privatised electricity suppliers to do what they want at the expense of everyone else.

Sammy Wilson (East Antrim) (DUP): I note what the right hon. Lady has said about her support for the Climate Change Act 2008, but will she spell out for us what the cost of the renewables obligation has been for electricity consumers in the United Kingdom this year?

Caroline Flint: What will be the cost if we rely on fossil fuels for ever more? What difficulties would that create, in terms not only of fuel costs but of security of supply? I refer the hon. Gentleman to a report that I believe came from both Ofgem and the Department of Energy and Climate Change last year, which outlined that something less than 5% of the price of bills was connected to investment in renewables. Of course we have to look for a balance, but I am focusing on something that we should all be concerned about. Even the Government have admitted that people are paying too high a price for their bills because these tariffs are sold in a misleading way so that people do not get a decent deal. On top of that, we have only the six big energy giants in the market, which needs to be broken up and radically reformed. That is something we should focus our attention on, along with help to people and businesses to make their homes and businesses more energy-efficient so they can pull down the costs of energy over time. There is no going back, however, to an old system of energy supply; that will not help anyone.

John Robertson: What does my right hon. Friend say to people in the poorer parts of my constituency where energy efficiency will not work? People can do nothing with the housing they have got, but they have to live somewhere. The thing that makes the biggest impression on them is the price. If they are going to get screwed by the price from the energy companies, they are going to have to work out how they are to live. What do we do with people like that? We can talk all we like about efficiency, but it does nothing for these poor people.

Caroline Flint: We stand up for them. We stand up for them when they are not getting the best deal they can for their energy. We also stand up for them by ensuring that low-income homes are supported through Government schemes, whether that is Warm Front or the winter fuel allowance for older people, but those are being cut by the Government. That is what we do and what we look at. In the long term, we look at how we live our lives and where we live and, with Government leadership and support, we help business to do the right thing to help people not to be behind the curve on energy efficiency

[Caroline Flint]

and lowering bills. We also look at what happens now, which is why our motion demands that energy companies use some of their profits to help people, particularly the most vulnerable in our communities.

The Government do not understand the reality for families who struggle to pay the bills at the end of the month or the reality for vulnerable people who must make choices about whether to heat their home or have a hot meal. The same applies to families who believe in greening their homes, do their recycling, have low-energy light bulbs and have insulated their homes, yet still find that under the complex, distorted tariffs they pay more for every unit of energy they use—not to mention the businesses trying to keep their head above water because of an austerity programme that is not working for Britain.

Robert Flello: On that specific point, families face a double whammy, as not only have their own gas and electricity bills gone up, but the businesses that supply them with food and other services have seen their bills go up.

Caroline Flint: Yes, and all this takes place in an environment in which unemployment is going up and growth is going down. This toxic cocktail of Government policies is not only not helping us get to a better place for our economy, but is actually making it far worse.

Anne Marie Morris (Newton Abbot) (Con): Does the right hon. Lady share my particular concern for the south-west, given that if we add energy bills at an average of £1,300 to the water bills at £517, people are looking at spending 8% of their average income on utility bills?

Caroline Flint: The hon. Lady speaks up for the south-west and I know that she has raised questions a number of times about water in the south-west. Again, however, I would have to say that she should speak to her leader and to the Secretary of State about what they are doing to challenge these utility companies over how they supply, and she should recognise the difficulties faced across our country. She also needs to recognise particular difficulties within regions as well as within the country.

Stephen Barclay: A central theme of the right hon. Lady's remarks seems to be gas prices and bills for consumers. Will she remind us how much gas bills went up in real terms between 1997 and 2010?

Caroline Flint: I understand that the wholesale price has gone down from its peak in 2008 by two thirds; in fact, wholesale prices have been going down in the last month. That poses the question: why do we hear from the energy companies when they say that prices are going up, but when the prices are going down we do not hear from them so loudly? Ofgem has said it is not good enough that when the energy companies claim that wholesale prices are going up, the price to consumers goes up like a rocket, but when they come down, the price comes down like feathers. The truth is that it is a complex market and it is difficult. We are not an island that can control everything, but we should control the way in which the energy companies are expected to satisfy us and the public about how they run their tariffs, and they should open their books to show transparency so we can see at what price they buy and at what price they sell, to ensure that we get a better deal.

Angela Smith (Penistone and Stocksbridge) (Lab): Unemployment is at the highest level for 20 years, we have an austerity programme that makes the eyes water, inflation at over 5% and on top of that we face the biggest squeeze on living standards in a generation. Is it not imperative that the Government do something about rising energy prices, which do more than anything else to harm families' budgets, making it hard for them to keep up a decent standard of living?

Caroline Flint: I agree with my hon. Friend. Given all the spin before the energy summit on Monday, it was disappointing that all that came out of it was that letters would be written to 8 million households telling them to check, switch, insulate and save. I am sorry, but that is not good enough. It is hard to check, switch, insulate and save when it is so incredibly difficult to navigate a way through the tariff system and people are never quite sure, even if they get what looks like a good deal, whether it is going to be a good deal down the road. That is why some of the tariffs that are fixed for 12 months have been so disappointing; many people have realised that they are not as good as they were claimed to be.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): Before I came to this place, I worked for Citizens Advice, so I know that energy poverty has led to one of the greatest increases in inquiries. At the time, I argued for the introduction of a mandatory social tariff on behalf of those in the fuel poverty group, removing them from the market that was clearly not working. Would the Labour Front-Bench team agree with such a radical proposal?

Caroline Flint: We had something like that, but I am afraid that the present Government have taken it away. If we want to get to the root of the problem, we have to think about radically reforming how the energy market works. We have to create a dynamic and more open energy market that deals with climate change and operates in the interests of the consumer, not the vested interests of the few.

At the Labour party conference, my right hon. Friend the Member for Doncaster North called for reform to the energy market to end the dominance of the big six and get a fairer deal for the people of Britain. While the Government have been failing to act to prevent sky-high energy price rises, Labour has been leading the debate and is coming up with radical ideas to reform our energy market and deliver significant reductions in gas and electricity prices for millions of consumers. Our plans would provide immediate help to millions of families now and reform the energy industry to provide a new bargain in the future.

Laura Sandys (South Thanet) (Con): The right hon. Lady is making a critique of the current regulatory regime, which was the Labour Government's regime. What we are doing is reforming the electricity market and there is also Ofgem's retail market review. Those are the steps taken forward, and we will ensure that they deliver value for the consumer. The previous Government published 32 Green Papers and consultations and passed two pieces of legislation, so there was a lot of inactivity over the past 13 years.

Caroline Flint: I think I have already said that, back in 2007, we embarked on securing Europe-wide support for reform of the energy market. I am afraid to say that the negotiations on which the leader of the Labour party led have yet to be implemented. They are seven months overdue; they could have been implemented in this country seven months ago, but it has not happened yet. We are calling for further radical restructuring: we have argued for the energy giants to put all their power into a pool, but we have not heard that echoed by the Government. We have made many demands for transparent data to go to the regulator, but again we have not heard that echoed by the Government.

Laura Sandys *rose—*

Caroline Flint: I will continue to expand on my theme a little, if I may, but I will be happy for the hon. Lady to intervene again if I have time.

If we want to get to the root of the problem, we must talk about reform, and our plans would provide immediate help for millions of families. First, we must deal with the sheer number and complexity of energy tariffs, which are extremely confusing and unfair. They hit loyal customers and penalise those who use less energy, and they really must be reformed. We propose a simple new tariff structure, which will be clearer and fairer and which will help all energy customers to get a better deal. It would work like a phone bill, with a daily standing charge and a cost per unit for the energy used.

Simplifying the pricing of energy would make it much easier for people to compare deals, work out which is the cheapest for them, and ditch the ones that are ripping them off. We need to get rid of expensive primary units and unregulated standing charges, so that people are no longer penalised for being low energy users, which is quite ridiculous. Instead of his "Check, switch, insulate" mantra, could the Secretary of State not try "Simple, honest, straightforward"? That might work better for customers.

What about redress? I understand that only two days ago, on breakfast TV, when asked about our proposal for a thorough investigation of past mis-selling and compensation for customers who have been ripped off, the Secretary of State suggested that that was not worth doing because it would delay other reforms. Labour Members will accept new protection measures as they are introduced, and we agreed that that should happen throughout Europe when we were in office. However—let me challenge the Secretary of State by repeating this—we are saying today that a full investigation into past mis-selling must be initiated, and that those who have been ripped off must be fully compensated.

The Secretary of State for Energy and Climate Change (Chris Huhne): In fact, what I said was not worth doing was referring the matter to the Competition Commission, because of the delays that it would involve.

Caroline Flint: I am not sure whether that means that the Secretary of State now supports our demand for a full investigation and redress for consumers who have been ripped off.

Chris Huhne: I announced some weeks ago that we were considering redress for consumers. Moreover, we have said that it should not be just a question of a rap across the knuckles or indeed a fine, but that there should be a possibility of redress for consumers as well.

Caroline Flint: Obviously we will explore that in a little more detail, but I think it is clear that those who have mis-sold a package must pay back to people what they have lost through that, and must pay them compensation. It is clear that the fines are not working, because every time a consumer organisation conducts another survey, it finds more evidence of mis-selling. I think that this is quite straightforward, and I do not see why we need to go on talking about it. Let us just get on with it.

Albert Owen (Ynys Môn) (Lab): Does my right hon. Friend agree that the Energy and Climate Change Committee, of which I am a member, should be praised for initiating the current inquiries? Already four of the big six have decided to stop doorstep selling, and we need to push that further. The Secretary of State knows that these companies are on the run; now he must put the boot into the big six, and ensure that our customers receive the compensation that they deserve. We need not measly words, but action.

Caroline Flint: My hon. Friend is entirely right, and I pay due respect to all the members of the Select Committee. They have done fantastic work on our behalf, highlighting some of the problems caused by the operation of the energy market and energy companies. It is about time that the Government stood up to the energy giants, because this is not good enough. I do not know how energy chief executives can go on television and brazen it out, talking about what their companies are doing for customers, when 80% of people are not on the best deal for them, and mis-selling appears to have reached the level that is being discussed in the Chamber and beyond. It is a disgrace, and the very least that those companies should do is fess up and pay back.

Ian Mearns (Gateshead) (Lab): It is not just the mis-selling itself, but the fact that it has taken place within the confines of what is clearly a rigged market, that is such an utter disgrace. It is clear that the levels of profit per customer in all the companies in the market are rising very quickly and will fall very slowly, and that is of concern to every Member in the House.

Caroline Flint: My hon. Friend is right. People are not stupid, but sometimes I feel that the leaders in this country treat them as if they were. That certainly seemed to be the case on Monday, after the energy summit. People feel distrust, and they are right to feel distrust because of what has happened to them.

I am sure that we all have stories of our own experience. For instance, the Minister of State, Department of Energy and Climate Change, the hon. Member for Wealden (Charles Hendry), tried to work out what was the best tariff for him, and then gave up on it. Yet people are being blamed for sticking to the same supplier because they too have given up, although some of those whom we represent have more stresses to deal with in life than we have. Spending half the day sorting out an energy bill—if they can devote that much time to

[Caroline Flint]

it—is just one item in a long list of things with which they are having to cope, and they are not being helped by the policies of this Government.

Pat Glass (North West Durham) (Lab): It is all very well for the Prime Minister to tell people that they should insulate their homes. It is true that they should do that, but some of the poorest people in the country live in private rented accommodation. They turn up in my surgery all the time. There are some excellent private landlords, but there are also many who are simply not interested in insulating their houses, and do not care how high their bills are.

Caroline Flint: We have been campaigning for something to be done about that from 2016, but I understand that the Government do not intend to do anything until 2018, and that too is a disgrace. We must also look much more closely at what happens to housing benefit in the private rented sector, and ensure that that sector is not left behind. We should consider incentives, but we should also consider introducing a bit of stick where it is necessary.

Geraint Davies (Swansea West) (Lab/Co-op): One in four children in Swansea currently live in absolute poverty, which means that every day a choice must be made between eating and heating. Should the Government not put at the top of their agenda the opportunities at their disposal to target support at those in greatest need, particularly households containing children in poverty?

Caroline Flint: I agree. There are measures that Government can take. However, they can also show leadership and exert moral pressure on the energy companies to be fairer and consider sharing some of their profits with those who are most in need, at the very least.

Huw Irranca-Davies (Ogmore) (Lab): The Secretary of State has focused on the fact that switching suppliers might save people as much as £200. Is that not a bit rich, given that the energy companies' profit per person is £125? Most people will never get around to switching, and meanwhile the big six are raking it in.

Caroline Flint: If it is true that every customer who followed the Energy Secretary's advice could save £200, why do the companies not make it easier for customers by simply reducing their prices? The latest report does indeed show that their profit margins are £125 a head, up from £15 a head in June. If that does not set the alarm bells ringing in Government, I do not know what will.

As Members have pointed out—including, to some extent, Government Members—reforming the way in which energy is priced and sold will only ever work if there is genuine competition in the energy market. There is no such competition at present. The market is dominated by just six firms, which supply more than 99% of electricity and gas.

Damian Hinds (East Hampshire) (Con): Will the right hon. Lady give way?

Caroline Flint: No. I will not take any more interventions, because I want to leave time for other Members on both sides of the House to contribute.

The problem is that when wholesale prices go up, so do people's bills, but when wholesale prices come down, bills do not. That is because of the lack of transparency in the market. The companies that generate energy sell it to themselves, and then on to customers. If the few big dominant firms were forced to sell the power that they generate to any retailer, companies such as supermarkets and others could come into the market, there would be more competition, and the upward pressure on prices would be eased.

In the long term, however, the only way in which we will deal with rising energy prices is by investing in new renewable sources of energy. The challenge is clear. A quarter of our generation capacity will close in the next 10 years, and we need to attract some £200 billion of investment. If we do not do that, energy bills may rise further still, by hundreds of pounds a year.

As a result of the uncertainty this Government have created, the UK is falling behind with investment in new low-carbon generation. Investment that should be coming to the United Kingdom, supporting jobs, growth and industry in this country, is now going overseas. Last year, when we left office, the UK was ranked third in the world for investment in green growth. Today, because of the choices made by the present Government, we have slipped 10 places to 13th, falling behind countries such as Brazil, India and China. That is why the Chancellor was wrong when he said the UK should not try to get ahead of other countries in developing our green industries; we should do that. We should be ambitious for our country; we should be a world leader on the green economy. That is good for consumers because in the long run it will bring down prices. It is good for our environment because it gets our carbon emissions down. It is good for our energy security because it means we are less affected by events overseas. It is good for our economy too, because it creates jobs and supports growth at a time when we need that more than ever.

I am afraid that we have a Government who are out of touch and unable to stand up to powerful vested interests on energy prices on behalf of the people of this country. They are out of touch when they tell people that they are to blame for rising energy bills. They are out of touch when they cut help for pensioners at a time when prices are rising and a cold winter is on the way. They are also out of touch when they insult people by saying "Check, switch" and "insulate to save."

The public will check; they will check how their family voted at the last election and they will switch to Labour—as Liberal Democrat voters did in their droves in May. They will try to insulate themselves from the hardships this Government are raining down on them, and in a few years they will save themselves and this country from this terrible coalition.

The public do not need lectures from Government. They want leadership, and today there is a very clear choice before the House: vote to stand up to the energy companies and take action; vote for simpler and fairer tariffs; vote for justice and redress for the victims of mis-selling; vote to open the books and shine a light on how energy is bought and sold; vote to break the stranglehold of the big six and create an open and competitive energy market; vote to tell the energy companies to use their profits to cut bills now. I commend the motion to the House.

2.51 pm

The Secretary of State for Energy and Climate Change (Chris Huhne): The right hon. Member for Don Valley (Caroline Flint) brings a wealth of Government experience to her brief, and I congratulate her on her appointment and on securing today's debate. She has a particularly difficult Opposition Front-Bench role as her boss, the Leader of the Opposition, was the former Secretary of State for Energy and Climate Change. He held that post for almost two years, and presided over the last Government's energy and climate change policies. It is his legacy that I am having to deal with.

As we did not hear much from the right hon. Lady about that legacy, I would like to remind her of it. First, we inherited a situation whereby we ranked 25th out of 27 European Union member states on renewable energy. No turf was turned for any new nuclear power stations. There was no progress on that throughout the 13 years the Labour Government were in office.

Several hon. Members *rose—*

Chris Huhne: Carbon capture and storage is a crucial technology if we are to ensure that the coal mines and miners in this country have ongoing employment, but in 2007 the Peterhead project was cancelled, despite the competition, with the consequence that we have now further delayed addressing this issue.

Several hon. Members *rose—*

Chris Huhne: There was not a single comprehensive energy saving package throughout the time of the last Labour Government, whereas in our first year in office, we have proposed in the Energy Bill a comprehensive package to make sure that householders can save energy, so that we end the scandal we inherited from the right hon. Lady and her colleagues of householders in our country spending more on their energy every year than people do in Sweden, where temperatures are 7° lower than here. That highlights the waste we inherited.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. If the right hon. Gentleman does not wish to give way, he cannot be made to do so. I ask Members to be patient with him.

Chris Huhne: I will happily give way in a moment, but having listed a few legacy issues that we are attempting to deal with, I should make one final point. The leader of the Labour party held this portfolio for almost two years, but only now that he no longer has any power to do anything does he keep coming up with interesting ideas. He recently came up with the interesting idea—I do not agree with it but it is an interesting proposal—that the energy companies should be broken up and should no longer be vertically integrated. However, I can see no such proposal in the Opposition motion. Why is that? Is the right hon. Lady already resiling from the proposal that her boss made just a few weeks ago?

Indeed, I read this motion very carefully expecting, as usual, to come across a number of points on which we could disagree, but I and my ministerial team have consulted, and we cannot disagree with it. We will not oppose it. I hope that the right hon. Lady asks her boss whether she was right not to propose that key idea he made a few weeks ago.

Huw Irranca-Davies *rose—*

Chris Huhne: I am happy to give way to the hon. Gentleman, who, sadly, has lost his Front-Bench role dealing with these issues. I, for one, thought he performed his duties rather well.

Huw Irranca-Davies: I thank the right hon. Gentleman for his civility. However, he is rewriting history yet again. What did he and his party do throughout the previous decade and longer when we were establishing the consensus on the need to build new nuclear? Also, would he care to comment on the fact that when we left office this country was one of the top five most attractive countries in the world for inward investment on renewables?

Chris Huhne: We do not need to go as far back as that. As the hon. Gentleman knows, the coalition reached an agreement which said that, given the overwhelming support for new nuclear from the Opposition and the Conservative party, it has a part to play. I refer him to my recent speech at the Royal Society in which I addressed how we intend to make sure that we do not repeat the mistakes on new nuclear generation that, sadly, so many Energy Secretaries made in the past.

Several hon. Members *rose—*

Chris Huhne: I will make a little progress before giving way again.

Across the country, rising energy prices are hitting households hard. On top of increasing petrol and food costs, many households are facing an increase of more than £100 in their annual dual fuel bills. For those who are struggling, it can seem as if bills simply keep going up. I am sure that all Members will join me in expressing concern about that, but sympathy from the sidelines is not enough. It is our responsibility to do everything we can to help. That is why we are focusing on the things that will make a difference both this winter and in the long term.

First and foremost, consumers need to know how they can cut their energy bills right now. We need open and honest information, so people can see the savings they can make by checking their energy deal, switching tariffs or suppliers, and insulating their homes. One of the positive things to come out of Monday's energy summit was a commitment from the energy companies that, as part of the voluntary agreement, they will notify all their customers when there is a cheaper tariff than that which they are currently paying. That is a step forward. It is not the end of the story, but it is a step forward.

Mr Weir: Does the right hon. Gentleman agree that the choice of language is important? He says that we can reduce bills by switching and insulating, but is it not the case that, given the massive rise in energy prices, if people switch or insulate they may stop the rise being so big, but bills will keep rising? That is why people are being hit so hard. Wages are not rising, but bills are. Unless we can reduce bills, we will not help the situation.

Chris Huhne: That is a very good point. It is certainly the case that over the past year there has been a substantial increase in world gas prices because of the high growth in the far east, the demand for gas and the Fukushima nuclear accident. That substantial increase in gas prices has inevitably fed through to bills, but I think that people understand that, by getting a grip and comparing tariffs, they can curb that increase, and sometimes offset it entirely.

Ofgem is the independent regulator, and I have a lot of respect for the work it does. It has found that people could save £200 by switching, and I should point out that an additional £100 is available for simple energy insulation steps.

Michael Connarty (Linlithgow and East Falkirk) (Lab): One of my constituents has taken the trouble to analyse each section of his bill. He found that although the gas price—the actual energy price—had reduced from being 62% of his bill to 42%, his bill had increased. When he interrogated his supplier he found that the profit level it had built in had a 9% increase. In reality, it had taken that money, which was not demanded of it for energy sources, and put it into the profit level. That is why bills are increasing.

Chris Huhne: I agree with the hon. Gentleman, which is why we are happy not to oppose the motion. I agree that there are signs in this market of anti-competitive behaviour and we need to get a grip on that, which is exactly what this Government are doing in supporting what Ofgem—the independent regulator—is doing.

Several hon. Members *rose—*

Chris Huhne: I will make a little progress before I give way.

Our approach means working together across the consumer groups and the energy industry to get the message out about checking, switching and insulating. Earlier this week, my right hon. Friend the Prime Minister and I brought the energy suppliers, the consumer groups and Ofgem together to do precisely that. In the new year, Citizens Advice will co-ordinate a "Big Energy Week" campaign, and energy suppliers have put together winter help packages for consumers, which I am sure other hon. Members will welcome.

Geraint Davies: The right hon. Gentleman is saying that he wants to be a champion of consumer rights. He will be aware that the primary consumer watchdog on energy, Consumer Focus, which has mandatory statutory powers, is being abolished by his Government and those powers are being absorbed by Citizens Advice, which has enough on its plate with changes in legal aid, cuts and all the rest of it. Does he not accept that that change will disempower energy consumers, at least over that period of change, and that the powers of Consumer Focus are set in statute in a stronger way than those of Citizens Advice, which is a charity?

Chris Huhne: I do not agree with the hon. Gentleman on that. I care as passionately as he does about consumer rights on this issue. I spent some time on the board of Which?, the consumer association, so I will not be second to anyone on those particular issues. My experience—perhaps his differs—is that many of my constituents go first and foremost for advice on these issues to their citizens advice bureau, so that is an appropriate place to situate such advice.

When the coalition took office, some 400 separate tariffs were available. That is also part of the legacy we inherited from the time when the right hon. Lady's boss was Secretary of State for Energy and Climate Change. This coalition Government have, in our Energy Bill—now the Energy Act 2011, as it received Royal Assent yesterday—taken powers to force companies to give straightforward information about cheaper tariffs. We are also working with Ofgem to cut the number of tariffs and make it easier to compare them. According to Ofgem, only 15% of households switched gas supplier last year and only 17% switched electricity supplier. Switching should be fast and easy, and we are cutting the time it takes to switch to just three weeks—that is another change that this Government have introduced. In addition, Citizens Advice and Ofgem announced record funding from suppliers for the "Energy Best Deal" campaign, which helps vulnerable consumers to shop around for the best deal.

John Robertson *rose—*

Chris Huhne: I cannot resist, although I hope that the hon. Gentleman will be raising a matter concerning fuel poverty. I wish he would because I will be able to respond.

John Robertson: My speech is full of stuff on fuel poverty, but I wish to pick up on one of the points that the Secretary of State made. He said that Sweden was using less energy than the United Kingdom, but that is wrong. According to the Swedish Government's own figures, Sweden uses twice as much energy as this country does, and the cost is more. In addition, according to the International Energy Agency, Sweden's energy use is substantially higher than that of the UK. I do not suppose he meant to mislead the House, but I think he must get his facts right.

Chris Huhne: The hon. Gentleman needs to examine the situation for households. It is clearly the case that Sweden has a lot of hydroelectricity and a lot of industries are very dependent on it. My point was about households and the household use of heating, which is key.

Millions of households could save just by switching tariffs or payment method. From now on, suppliers will write to customers to tell them about these savings—that is another outcome from Monday's energy summit.

Alex Cunningham (Stockton North) (Lab) *rose—*

Ian Lavery (Wansbeck) (Lab) *rose—*

Mr Weir *rose—*

Chris Huhne: I am going to make a bit of progress before giving way again. The hon. Member for Angus (Mr Weir) has already intervened once, so he will have to wait until I have taken interventions from some of the other hon. Members.

This winter, energy bills will show customers how to save money, encouraging them to call their supplier and check online for savings. They will also have access to advice.

Caroline Flint: The Secretary of State makes much of the fact that people will be able to save if they switch. What about the people who cannot use direct debit?

What about the people who have not got access to the internet or those who, even if they did, would find it difficult to navigate their way through?

Chris Huhne: The sort of people the right hon. Lady is talking about are the sort of people we are particularly targeting with our warm homes discount. I heard some of the interventions from Labour Members with mounting surprise, because one of the things that this Government have done, of which I am very proud, is to concentrate help on those most in need—those most vulnerable to rising fuel prices. Through the warm homes discount we have altered the previously voluntary arrangement. I say to Labour Members that their Government operated a purely voluntary arrangement with the big six, so cosy was the relationship between the big six and the right hon. Lady's boss. It was a voluntary, grace and favour arrangement, whereby support was provided for the most vulnerable. We did not have any truck with that. We decided that we were going to legislate on this, which is exactly what we did. As a result, we will have a two thirds increase in the support made available for these social discounts compared with what was available under the previous Labour Government. So on the matter of fuel poverty, we have been doing exactly the right thing, which is to concentrate support where it is most needed and to make sure that that support is available.

Sarah Newton (Truro and Falmouth) (Con): The Secretary of State is making an excellent point about targeting resources where they are necessary. Will he congratulate Cornwall council and other councils that are taking exactly that approach and working in partnership with the voluntary sector to provide free insulation and other ways of helping people in fuel poverty to stay warm this winter?

Chris Huhne: I certainly will congratulate the hon. Lady's local council and every council, of all parties, on that work. I hope that we can maintain a cross-party and consensual view on this. Many councils, some Liberal Democrat-led, some Conservative-led and some Labour-led, have been pioneers in this area, and I want to see them do more. Leading on that is really important for our constituents, and it is something to which I pay great tribute.

People can save money on bills, but they can also save by using less energy in the first place. Far too many UK homes are not properly insulated. Loft and cavity wall insulation can save more than £100—we are talking about very simple changes. The big six energy suppliers, which supply 99% of UK households, all offer free or cut-price insulation, yet many householders still have not taken up the offer. So from December, 4 million of the most vulnerable energy customers will receive letters to tell them they are eligible for free or heavily discounted insulation to their loft or cavity walls. Many of these people will not necessarily save energy because they are currently too cold and keep their bills down. By having that insulation, they will be able to increase their comfort, and that is a very good thing to get through an extremely tough winter. The right hon. Lady is absolutely right to say that one of the scandals in this country, which underpinned the work of the Hills fuel poverty review, is that 25,000 people die each winter because of the cold. We have to deal with that. As has been pointed out, it is a multiple of the number of people killed on the roads and it is a scandal that across this House—I am not going to cast further aspersions on the record of the previous Government—we have not tackled this issue with more vigour until now.

These letters will direct people to a dedicated independent helpline, as part of our programme to ensure an extra 3.5 million homes are properly insulated by the end of 2012. Next year we will also be rolling out the green deal to help even more households save money through energy efficiency.

We must also make sure that help is getting to those who need it most—the most vulnerable households. As I pointed out, discounts have risen very sharply under the coalition, and the extra support will be available this winter. We are requiring energy companies to provide help to about 2 million low-income households through the warm home discount.That is a discount of £120 for 600,000 of the poorest pensioners—substantially more than they have been getting until now. We are spending £110 million on heating and insulation for low-income and vulnerable households through Warm Front.

Caroline Flint: Is it not the case that only about one in 20 pensioners will benefit from the warm homes discount, whereas our social tariffs went to all vulnerable households? In addition, there are cuts of £100 in the winter fuel allowance for those over 80 and cuts for older people of £50. This all adds up when one takes into account the VAT increases and everything else that people have to pay the price for under this Government.

Chris Huhne: The right hon. Lady again makes a point about winter fuel payments which I should have picked her up on previously. She may not be aware of this, as she was not in the Department previously, but we have adopted precisely the policy of the previous Labour Government on winter fuel payments. We have left it completely unchanged. They increased winter fuel payments on a temporary basis and then proposed to bring them down, and we have kept exactly in line with that policy, so I am in no position to accept lectures on this matter from the Opposition as we are implementing the policy that they agreed.

Of course, cold weather payments will also be paid to households in areas with extended periods of very cold weather. Part of the green deal scheme will be designed specifically to provide affordable warmth to low-income, vulnerable households through heating and insulation measures. Those policies will make a difference this winter, next winter and every winter thereafter. However, we also need to take the right long-term decisions so that energy does not become unaffordable in future. We need to keep the lights on in the cheapest, cleanest way and to make sure that households get the best deal in the long term as well.

John Pugh (Southport) (LD): The Secretary of State may be aware that north of my constituency a find of 200 trillion cubic feet of shale gas has been announced. That will make an enormous difference one way or another if it is genuine. Would he like to comment on that and the difference it might make to prices in future?

Chris Huhne: I am grateful to my hon. Friend for that question. Our overall energy policy is designed to be robust in the face of considerable uncertainties in relation

[Chris Huhne]

to technologies and what is likely to happen to the price of particular fuels. If it transpires that the early indications we have received from Cuadrilla about the size of the find under Lancashire are correct, there will clearly be an impact on gas prices within the UK. We have already seen that gas prices in the United States are half of those in the UK and the rest of Europe and are even lower than the prices for gas in the far east. This is a very important development and all our policy framework is designed to make sure that we can provide affordable, clean electricity at the cheapest possible price to British consumers in the long run. If that means cheap gas, then obviously the technological imperative is to go forward with carbon capture and storage so that we can use that gas in an environmentally friendly manner. That is precisely why that is so important.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Will the Secretary of State give way?

Chris Huhne: I must make a bit of progress with my speech; otherwise I fear we will be here all night.

Over the next 10 years, we need £110 billion of investment in power plants and another £90 billion of investment in energy infrastructure to avoid the risk of black-outs. If we do not invest now to reduce our energy use and our dependence on fossil fuels in the long term, we will have to rely on ever more expensive imports. That will leave us at the mercy of global oil and gas prices and at the mercy of events in very volatile parts of the world. We have only to look at what has been happening in Libya and the rest of the middle east to see that. The impact on energy security and household bills will be worse. This is a very important way of insuring our country against the sort of economic shocks that we can otherwise expect.

That four-pronged strategy of energy saving, renewables, new nuclear and carbon capture and storage is absolutely essential.

Luciana Berger *rose—*

Chris Huhne: Is the hon. Lady about to ask about carbon capture and storage perhaps?

Luciana Berger: I thank the Secretary of State for giving way. He said that energy saving was one of those prongs, and on energy saving he said only a moment ago that the Government are introducing the energy company obligation, which will replace Labour's carbon emissions reduction target and community energy saving programme. That ECO pot is not going to go just to homes in fuel poverty but will be split, with some money going to subsidise able-to-pay households. Will he tell us how much there will be in that ECO pot?

Chris Huhne: We will be bringing forward the consultation document on the green deal and the ECO subsidy shortly, and all those issues will be addressed. Clearly, we have to make sure that we are getting value for money on both the carbon reduction side and in reducing fuel poverty because they are both very important.

I want to make some remarks on carbon capture and storage, which was raised in Prime Minister's questions. Despite the fact that all the parties have worked extremely hard on the first carbon capture and storage demonstration project at Longannet, we have not been able to reach a satisfactory deal, as the Prime Minister pointed out. We will not, therefore, be proceeding with the project. That decision is purely about the viability of that particular project and is not a reflection on our commitment to the CCS programme; indeed, hon. Members will have heard me commit us to that very clearly a moment ago.

The long-term need for CCS remains as strong as ever. We will continue working across Government to start a more streamlined selection process as soon as possible and £1 billion will be available, as it was allocated in the comprehensive spending review, for that new process. Over the coming weeks, we will ensure that the lessons from that first process are fully learned and we now know that commercial-scale CCS projects are technically viable and are likely to be financially achievable. We also know more about the best way to procure these first-of-a-kind projects. Our findings will be published and made freely available on the Department of Energy and Climate Change website to help to speed up deployment of CCS both here and abroad. We will study those lessons closely as we develop the forthcoming CCS road map setting out our vision for CCS deployment.

Caroline Flint: I thank the Secretary of State for referring to the situation with carbon capture andstorage projects around the country. Will he explain to the House how the Government will look to use the great deal of work and research that have been done at the plant in Scotland to make sure that the endeavours, hard work and ingenuity there are not lost but are supported?

Chris Huhne: I am grateful for that question. It is absolutely right; we have learned an enormous amount from that. A lot of work has gone into the negotiations and a lot of good engineering work has been done with the front-end engineering and design studies. They will all be published, if they have not been already, and will be made available to everyone. We are absolutely confident, as a result of this process, that we are able to go ahead with the CCS project within that budget. Unfortunately, at Longannet the difficulties were specific to that project, including the length of the pipeline between Longannet and the reservoirs, as well as other issues concerning the rest of the plant such as its upgrading to comply with the large combustion plant directive. As a result of the knowledge that we have acquired in that negotiation and as a result of those feed studies, we are confident that we will be able to take a project forward.

Mr Weir: Earlier in his speech, the Secretary of State referred to the disgraceful decision of the previous Government to abandon the gas CCS project at Peterhead, but are not this Government doing exactly the same with Longannet now? It was chosen as the only viable CCS plant in the competition, as no one else came forward. By abandoning it now, is he not putting back CCS development and ensuring that its much talked about exportable technology will not be developed in this country?

Chris Huhne: No, I disagree with that. I think that we have a very good track record at a number of our leading universities, with Edinburgh being first and foremost amongst them, of work on carbon capture and storage. One lesson that we have learned from the negotiations is that we can build a commercial-scale CCS plant with £1 billion. Indeed, we have had a very clear indication of interest back at Peterhead from Scottish and Southern that it would be prepared to do that with consortium partners. That is clearly going to be an offer that other contestants will have to beat, so for all the reasons that I have given and that I have explained at considerable length, we are determined that we should be successful with CCS technology. It is disappointing to me personally and to many others that we were not able to proceed at Longannet because of the specific problems there, but that certainly does not mean that we are shelving CCS.

Andrew George: I appreciate that my right hon. Friend is giving the House the benefit of time and his advice on the issue. Nevertheless, there will be concern about the impact that that outcome might have on the time scale for the delivery of an effective CCS programme. To be clear, is he saying that the difficulties at Longannet were primarily financial or technical? Does that raise a question about the viability of the technology, or can he reassure the House in that regard?

Chris Huhne: I can reassure the House that on the basis of the feed studies, that does not raise questions about the generic technology. What arose were questions related to the specific costs of employing the technology at Longannet, given how far away it is from the reservoirs and so forth. Those were the issues. We are confident that we can procure a CCS commercial scale plant within that £1 billion. That is what we intend to do.

Ian Lavery: A billion pounds was allocated to the CCS project at Longannet. I am amazed by what was said at Prime Minister's Question Time and by what the Secretary of State has just said. That it is not going to happen. Projects 2 to 4 were already in the pipeline—excuse the pun—and I believe there are a number of interested parties. Will the £1 billion allocated for Longannet be available for one of those projects or will it be available across the board? Will the right hon. Gentleman confirm that it will be committed to CCS with coal, or could it be gas?

Chris Huhne: Let me say clearly that one of the things we will do is attempt to align our deadlines on this with the European Commission's new entrant reserve competition. One of the conditions of that competition is that the CCS plants have to be up and running and ready by 2016. That is in answer to the earlier question about the deadline. We do not foresee a slippage in deadlines.

There is money available from the European budget to support those projects. Money will be available. That £1 billion from the UK Treasury is secure. In addition, there may be help for running costs from the electricity market reform contracts for difference. With all those things we ought to be able to make sure that we get commercial-scale carbon capture and storage up and running. The projects that have been proposed to the Commission are a mixture of coal and gas. We want to make sure that we are doing both.

I hope the House will come away knowing that we are fully committed to the programme and the technology. What happened at Longannet is a disappointment. We would have liked it to go ahead if we could have done it within the affordability envelope that we had and if we had not hit those specific project problems there, but we will now go ahead elsewhere and we are confident that we will be able to get the commercial-scale CCS.

Our proposals to reform the electricity market—I have already mentioned contracts for difference—will deliver the best deal for Britain and for consumers because they will keep prices down and ensure that consumers are protected. We are working on giving Ofgem powers to force companies to give money back to consumers if the companies break the rules. That is the point about redress that the right hon. Lady mentioned.

Caroline Flint: Will that include customers who have already been victims of mis-selling or is the policy only for those who might be misled in the future?

Chris Huhne: The right hon. Lady knows that unfortunately it is a strong principle right across the House, and I am sure she will agree, that we should not have retrospective legislation. Legislation is for matters going forward. I agree that it would have been good if we had had legislation allowing for redress some years ago, but we have been in government only since the last election. For 13 years that was not done by the Labour Government.

Karl Turner (Kingston upon Hull East) (Lab): Did the Secretary of State raise the issue of mis-selling at the energy summit? It seems to me that he probably was not there long enough to do so.

Chris Huhne: The hon. Gentleman is quite wrong about that. Mis-selling is clear. Ofgem had already tackled that with substantial fines and with the public reputational risk. As a result of the mis-selling that some of the companies were discovered to have engaged in, a number of them have said that they will not go down the doorstep route. There is therefore clear action on that already, but I agree that what should happen is not just a question of fines or making sure that the companies get the rap—*[Interruption.]* I have raised the matter with the companies and with Ofgem. It is important to make sure that there is also the possibility for Ofgem to provide redress to consumers who have lost out. That is an important principle. All of us on the Government Benches will want companies to rise to their responsibilities.

We are also working to open up the energy market to smaller companies. In the past, regulation stopped independent suppliers serving more than 50,000 customers. We have already raised the ceiling to 250,000 customers, and we are working with small suppliers to make it easier for them to comply with regulation.

Global energy prices are beyond our control, but we are doing everything we can to help households with their energy bills this winter. On tariffs, bills and insulation, we are making it easier for people to save money and save energy. Together with consumer groups and industry, we are working to improve the offer to consumers. We are taking action to help the most vulnerable households to cope with rising bills and inefficient properties. From the green deal to the reform of the electricity market, we are making the right long-term decisions to ensure warm homes and affordable, secure energy for the future.

Caroline Flint: At Prime Minister's Question Time today the Prime Minister suggested that he supported the opening up of the energy market to a pool. Does that mean that the Government agree with the Labour Front-Bench team that the pool should be opened up in such a way that the big six should put all their energy into a pool for everybody to compete for?

Chris Huhne: I certainly agree. We have been talking to Ofgem about this and we have been talking with the big six. I found it a very interesting proposal from Scottish and Southern that it was prepared to trade a substantial amount of its electricity in the wholesale market. Scottish and Southern said 100%—of course, that is 100% of the spot market; it does not mean that Scottish and Southern is prepared to trade 100% of its electricity. The devil is in the detail. We have to make sure that the forward market is also liquid.

I am absolutely committed. I am not in favour of the Opposition's proposal that we should refer these matters to the Competition Commission, because for two to five years that would put a freeze on the whole market. None of the big six would need to do anything at all. They would be able to put their prices up with impunity, they would be able to cut their investment, they would be able to pay more dividends to shareholders, and we would have an awful long time to wait before we had any real reform. The reality is that we think that we understand enough about what is not right in the market, at the retail end and the wholesale end, and are working very hard with Ofgem to ensure that it is put right, which is exactly what we will do.

Dr Alan Whitehead (Southampton, Test) (Lab): Will the Secretary of State give way?

Chris Huhne: I am afraid that I have finished my speech, as delighted as I would have been to give way to my neighbour from Southampton.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I must now announce the result of the deferred Division on the question relating to the Adjournment of the House. The Ayes were 306 and the Noes were 95, so the Ayes have it.

[The Division list is published at the end of today's debates.]

Before calling the next speaker, I inform Members that there is a 12-minute limit on speeches.

3.28 pm

Albert Owen (Ynys Môn) (Lab): It is a pleasure to follow the Secretary of State. I had intended to be non-partisan and speak in favour of consensus, but having listened to his opening remarks, I will find it difficult to be disciplined and keep to that line, because he rewrote the recent history of energy. I certainly take no lectures from him on nuclear power and many other things. I have stood on the Government side of the House and argued in favour of nuclear power, the base load, renewables and energy efficiency, and I see no contradiction between them. For him to try to knock the policy of the Labour party when it was in government is nothing short of cheek.

I welcome the debate because energy prices are the big issue for constituents and consumers across the country. I welcome the fact that my right hon. Friend the Member for Don Valley (Caroline Flint) chose this topic for her first outing as shadow Secretary of State. She gave an excellent overview of what has happened in recent weeks.

I did not want to be partisan, because the issue is too important for that, but when people criticise what happened in the past 13 years, I must remind them that, since 2009, there has been a trend of high gas and electricity price rises. The rise in 2008-09 was seen as a one-off resulting from a peak oil situation. In 2009-10 prices came down considerably. In 2009, gas prices rose by 51% in a single year and electricity prices also rose considerably, but the following year, when the wholesale price was half what it had been at its peak, prices came down by only 6% and 9% respectively. We have seen since then a trend of double-digit rises that are hurting every household in the country. That is why the House is right to debate the matter and look for ways to help.

I am very disappointed with the summit. I tabled a question last Friday, without knowing that there was to be a summit, asking when the Secretary of State last met the big six energy companies. He has partly answered that question, but I am disappointed that he did not ask them whether they would freeze their prices in future and what they would do to bring them down. The duty of the Secretary of State is to put the consumer's view to those companies.

Our constituents are right to be annoyed by the fact that those companies' profits have increased in the past few months from £15 to £125 for each household. I want to make it clear that I am not against energy companies making profits or having healthy balance sheets, because we need them to reinvest in our infrastructure as we move to a low-carbon economy, but I find it very upsetting that they claim that the wholesale price is high and put their prices up, but when the wholesale price comes down, the retail price does not follow suit. Our constituents are paying for that very dearly. As my right hon. friend said, that is the rocket-and-feathers concept—prices rocket after the wholesale price increases, but they come down very slowly.

Jonathan Edwards: As a proud Welshman, like myself, is the hon. Gentleman not perplexed that Wales, despite being a net exporter of electricity—we export twice what we consume—has a level of household energy poverty at 30%?

Albert Owen: I am a fellow Welshman, but my energy policy is different from that of the hon. Gentleman. Wales is a net exporter of energy because Wylfa nuclear power station, which is in my constituency, generates 30% of Wales's energy needs. If that was to go, we would be in a difficult situation. However, he is right to point out that some regions of the United Kingdom that generate energy pay more in the retail price for their energy. The energy companies will tell us—I have raised this as a member of the Energy and Climate Change Committee—that that is because of transmission, but those areas, which are often on the periphery of the UK, generate electricity and send it to the national grid, but the consumers in those areas pay more for it. That is totally wrong and something we all need to work together to eliminate in future.

I wish to concentrate on two issues. The first is the reform of the regulator. I would like the regulator to have more teeth. That is not just my view. I can remember the Prime Minister, when Leader of the Opposition, saying that the regulator needs to get to grips with the energy companies and ensure that they deal with price rises. I agreed with him then, and I agree with that statement now. That is also why I am disappointed that there was a high-profile energy summit in No. 10 that resulted in these very tame reforms, if indeed they are to come about.

Ofgem has already suggested that we introduce greater accountability, greater transparency and simpler tariffs, and the Secretary of State was wrong about the time scale, because I believe that in the past year the number of tariffs has gone up considerably from 180 to some 400. I am not making a political point, because I know that many people, such as the Minister of State, Department of Energy and Climate Change, the hon. Member for Wealden (Charles Hendry) of whom I am very fond, have phoned up energy company call centres and tried to switch tariffs but found it extremely difficult to do so. They have spoken to people at call centres who, despite representing and working for the companies, do not themselves know the tariffs, so the system really needs to be simplified to ensure that people understand them and can make a choice.

Even if everyone were to switch to a cheaper tariff tomorrow, they would still in a year or two's time be paying more for their energy, so switching is a peripheral issue. We want the energy companies to divvy out some of their profits to help customers directly or to build infrastructure for the future—*[Interruption.]* Somebody shouts, "They are," but they are not using their profits to a considerable degree.

Dr Thérèse Coffey (Suffolk Coastal) (Con) *rose—*

Albert Owen: The hon. Lady is trying to intervene. Would she like to intervene on that point?

Dr Coffey: Yes, I would. I appreciate that the hon. Gentleman is a little sore because his island is not going to get a new nuclear power station.

Albert Owen: It is.

Dr Coffey: Well, I apologise, but who does the hon. Gentleman think is going to pay for it? It will be the energy companies. They are paying towards the construction of new nuclear power stations.

Albert Owen: I am sorry if the hon. Lady was not listening, but I believe that we will have a new nuclear power station; the consortium, Horizon, is working towards that. Issues in Germany might affect its balance sheet, but it is committed, as the Labour Government were, to the project. Work is being carried out, and I support the site that has been allocated.

When huge profits are made, the customer should not be punished, as they have been, with high rises in their gas and electricity bills. If the hon. Lady thinks the opposite, she is in a minority in the House, because we have seen excessive profits.

Dr Coffey: Will the hon. Gentleman give way?

Albert Owen: No, I am not going to give way again. I was talking about excessive profits, but I am going to develop an argument about the off-grid, which nobody has touched on so far.

When we talk about energy prices, and about double-digit rises for people with the big six energy companies and for the 99% of retailers who are on-grid, we should also consider those who are off-grid. They are not a small minority, because a considerable number of households are not connected to the grid and have experienced—I have seen evidence from constituents—increases of about 33% in the price of liquefied petroleum gas. The cost of oil has also gone up considerably, so I welcome the fact that the Office of Fair Trading is looking into the matter, but it will not be enough just to refer it to the Competition Commission; there needs to be direct action.

I should like a windfall tax. I am not afraid to use that phrase, and neither is the Chancellor of the Exchequer, who in his Budget introduced a fuel duty—a windfall tax—to help people who were suffering then. The Government should do exactly the same for domestic energy users and households. The excess profits of energy companies should be used to help build an infrastructure, for example by extending gas mains, so that people off-grid have the opportunity—the choice—to go on to mains-supplied gas and obtain the same prices as those who are on-grid.

Indeed, we should go further. I would link off-grid issues to reform of the regulator, because the regulator should have responsibility for those who are off-grid as well as for those who are on-grid. The priority of the regulator, in its terms of reference, is to protect the consumer, yet those who are off-grid receive less protection, so I am asking for the equalisation of protection.

The Secretary of State will remember that I asked him about that when he appeared before the Energy and Climate Change Committee, and I asked the head of Ofgem, too. The head of Ofgem said, "That's a matter for the Government", and the Secretary of State said, "It's a matter for the regulator." Well, I should like to invite both of them for afternoon tea and to sit them down in a room, because people off-grid are losing out considerably while the Secretary of State and the head of Ofgem have different opinions of their remit.

The solution is simple and it could be implemented very quickly. The Government could give powers to the regulator, and the people off-grid could have protection equal to that for those who are on-grid. The 33% increase that I heard about from a constituent happened in summertime—in August—and it is not sustainable in the rural areas that are not isolated and that contain decent-sized hamlets, small villages and sometimes even small towns.

We need to be radical in our reform. Of course I agree with the Secretary of State and the regulator when they talk about simplifying bills and about greater transparency by the energy companies, but we have to go a step further and give the regulator real teeth so that it can deal with these situations. That is important to every Member of this House and every constituent we represent. We should never forget that those who are off-grid are paying considerably more than those who are with the big six.

I support many of the measures that are being proposed by the Government for electricity market reform, but they are all about the medium and the long term and, in

[Albert Owen]

the short term, people are being really hurt by their bills when they receive them. We, as the House of Commons, the Government and the regulator need to be working together for the short term. I would like to believe that the measures that came out of the summit will make a huge difference to our constituents, but that will not happen in the short term. The House of Commons—I very much welcome this debate—must fix its mind on the short term to help each and every household in the United Kingdom with their energy bills in future. Yes, there will be peaks and troughs with the prices of fuels and external issues that affect the price of energy—we all understand that—but we need to have a fair system so that when prices do come down the regulator can look at the books and say, "Yes, prices for consumers should come down by X amount as well." Ofgem tried to do this and produced a report, but the energy companies argued with that process.

This is not anti-business or anti the big six; it is pro-consumer and pro our constituents. We all have a duty to stand up and protect their interests. The regulator needs to be beefed up, it needs to have more teeth, and it needs to be more proactive—but so do the Government. It is important to have this debate not to score political points but to put the welfare of our constituents first. They will be anxious this winter given their experience of such cold weather in the past year, and they want certainty that the House of Commons is on their side.

3.42 pm

Guy Opperman (Hexham) (Con): I genuinely believe that this winter there will be choices between heating and eating for individual families up and down the country. The fuel poverty rate in the north-east is approximately 24%; we have the second highest rate in the country. Clearly, that applies in relation to the big six, but I particularly want to speak about it in relation to heating oil and liquefied petroleum gas. I pay tribute to the hon. Member for Ynys Môn (Albert Owen). Over the past year, he and I have debated, very much with common cause, the issues of fuel poverty and heating oil, and I am delighted to follow his eloquent and well-made speech.

My constituency is the second biggest constituency in the country, at 1,150 square miles, and it does not just face problems of rural fuel poverty. The town of West Wylam, which is a suburban part of Prudhoe, is in an area that has fundamental problems of fuel poverty, and it has perfectly normal residential housing: this is not just about a farm way out west. It is not simply a problem for rural dwellings. One and a half million dwellings are dependent on heating oil. On top of that, significant amounts of LPG are used. We are talking not about a small number of people but a very significant number who are greatly affected by this, which is an important problem throughout the north-east.

I will focus on the role of the Office of Fair Trading, which I believe has done good work. Its report of September this year on Boilerjuice was a success. The report published only yesterday on off-grid energy, about which I met the OFT at approximately 12 o'clock today, is well worth reading. It is a doughty read at 352 pages, and it would be a lie if I said that I had read every single page, but I am working my way through, and none of my copy will go for fuel at the end of the day.

The OFT's investigation into off-grid energy is a market study. Those who analyse what the OFT does need to understand that a market study does not necessarily lead to a formal investigation. As a first point I invite the ministerial team to consider that, although clearly it is not fundamentally within their remit.

Karl Turner: The hon. Gentleman is making a powerful speech on behalf of his constituents. I wonder whether he will support the Opposition motion.

Guy Opperman: The hon. Gentleman obviously did not hear what the ministerial team said earlier, which addressed that exact point.

The OFT report is a market study, but I seek a formal investigation where there is a reasonable suspicion that the law has been breached in relation to the Consumer Protection from Unfair Trading Regulations 2008. I suggest that that applies to pricing practices, particularly when there is a varying price after a customer has placed an order. In my constituency, there is ample evidence that that has happened.

Sarah Newton: I apologise that I was not here for the first part of my hon. Friend's speech, but an urgent matter called me out of the Chamber. The experience that he so vividly describes in his constituency is echoed in Cornwall and across the south-west. I, too, welcome yesterday's OFT report. It says specifically that there is an opportunity for us to go back to the OFT and make the case for a referral to the Competition Commission to look further at the issue of pricing, which he has raised. Will he join me in suggesting that Members whose constituents are affected by this should join together to make representations to the OFT for such a referral?

Guy Opperman: I totally endorse that point, particularly in relation to pricing practices and the considerably enhanced prices charged by many heating oil suppliers. I have done quite a lot of research into this matter. In Hexham constituency the price of oil rose from 41p to 71p per litre between September and December last year. In that time, the wholesale price of oil went up only by about 10%.

In my constituency there are roughly 16 to 18 heating oil providers. However, 11 or 12 of those are controlled by one company. DCC Energy, an Irish-based company, has bought up many of the individual suppliers throughout the country. It operates heavily in west Wales and has been prosecuted there in relation to a trading standards case. It also operates to a considerable extent in Scotland. In Northumberland and throughout the north-east it has a substantial presence. I accept that there is competition in the sense that there are about five genuinely independent companies providing heating oil. However, the other dozen or so are providing heating oil from one global source. There is nothing wrong with that, but when one adds up the figures, it means that one company has 69% of the providers and the multitude of other companies represent 31% of the providers. That should be investigated by the OFT, and it should result in a competition inquiry. If that case does not give the suspicion of price fixing, I do not know what does.

Andrew George: The hon. Gentleman is absolutely right on that point. Across the country as a whole, a little under 30% of those who depend on oil for central heating are in fuel poverty, and they are primarily in rural areas.

With regard to the OFT's report published yesterday, does the hon. Gentleman recognise that it found that the terms of contracts may not be entirely consistent with existing consumer protection? The OFT states that it will examine the

"clarity and fairness of termination rights"

and engage with suppliers to discuss how to proceed. Does he think that regulation is required, or should the OFT continue to pursue some sort of voluntary agreement ?

Guy Opperman: With respect, I would say that the answer is somewhere in between. There cannot be regulation without submissions being made and investigations taking place. It is incumbent upon us not just to get upset about how our constituents are being affected by heating oil prices but to make representations to organisations such as the OFT. We must also invite the Energy and Climate Change Committee to investigate off-grid energy, which I very much hope it will do.

Albert Owen: I am pleased to help the hon. Gentleman by saying that we are going to have a further inquiry into the retail market, in which we will examine off-grid energy.

Guy Opperman: I am most grateful, and I hope that as part of that inquiry the Committee will examine the weighty report that the OFT has provided, as well as specific submissions from individuals and organisations that, like the previous three speakers, can give specific examples of price fixing or the appearance of price fixing. That is in the context of DCC, the company that I am particularly concerned about and have to deal with, recording operating profits of approximately 19.9% on an ongoing basis. I find that figure hard to square with the one given by the managing director, who when questioned in *The Sunday Times* said that the operating profit was only 2%—but I have taken my figure from the published accounts.

In Hexham five independents operate—WCF, Par Petroleum, Wallace Oils, GB Fuels Ltd and Rix Petroleum. I urge individual Members to draw to their constituents' attention by every possible means, as I do for each and every constituent who is faced by heating oil problems, which independents operate in the constituency, so that they are in a better position to get a fair price.

I want to trumpet the great success of the way in which certain communities, such as Tarset, Allendale and Humshaugh, have come together and produced their own price comparison sites. For example, there is Humshaugh village shop, which is run as a co-operative. It was set up by the local community and is financed and run by the 60 people of Humshaugh. Every Monday they publish the prices available from all the genuinely independent local heating oil suppliers. Individuals can either go to the shop's website or—this addresses the point that was raised about people who do not have internet access—see the prices in the village shop throughout the week. Everybody in the village can then assess who is providing oil locally. Such ideas need to be taken forward.

I welcome the fact that the OFT report indicates that there are problems. However, I would ask the OFT to go further, not least because the report shows that when a company is one of a multitude owned by a larger company, it is obliged to give people who telephone it specific information about who its ultimate owner is. That needs to be monitored, because it is not necessarily taking place. My researcher phoned one of those only yesterday and was not given that information, as should have happened according to the OFT report. I urge the various Committees involved to examine that point.

There is also tremendous difficulty for those who wish to compare prices themselves, because heating companies have no obligation to tell people the price that they are offering. Unless people ask to buy, they are not necessarily given the price. With respect, the Government can do something about that, and I invite them to sit down with individual suppliers, particularly the larger suppliers, and make that point very clear to them. If people ring up and ask for a price, they should be told it rather than the company withholding it.

Pat Glass: I am very grateful to my constituency neighbour for giving way, as we have very similar constituencies and face similar issues. Is it not also true that the price quoted when someone rings up is not necessarily the price that they are charged when the oil is delivered two weeks later? Last winter, as the hon. Gentleman pointed out, the cost of heating oil almost doubled in the space of a few weeks. Someone could order heating oil and be quoted 40p a litre, yet get a bill for 71p a litre two weeks later.

Guy Opperman: The Minister of State, Department of Energy and Climate Change, my hon. Friend the Member for Wealden (Charles Hendry) is not the only one who has been carrying out research on websites. Let me cite the interesting efforts to prove the hon. Lady's exact point undertaken by the hon. Member for Brecon and Radnorshire (Roger Williams), who ordered more than 2,000 litres of heating oil at a price of 40p a litre—again, from DCC—and received only some of the delivery, at the outset, at that price. Later that December, when the remainder was delivered, the price was 65p per litre—an increase of 25p per litre. I applaud his efforts in this House to publicise that, and previous efforts to deal with the problem, as well as the work of *The Sunday Times.*

I conclude by saying that I endorse much of the motion.

Sarah Newton: One of the next steps identified by the OFT was for the Government to take, because it acknowledged that people who use heating oil or LPG—or microgeneration, which the report also covers—cannot get dual fuel deals because they are off the grid, and furthermore, they are not eligible for the excellent new £125 warm home discount. This group of people, even if they are in absolute fuel poverty, cannot access some of the very good measures that the Government are introducing. May we ask the Government to consider that specific group of people, and see what could be done to help them?

Guy Opperman: I am most grateful for my hon. Friend's intervention, and I endorse her point.

It is incumbent on us all to go back to our constituencies—not, as was once said, to prepare for government, but to prepare our constituents for the winter.

3.57 pm

John Healey (Wentworth and Dearne) (Lab): It is a pleasure to follow the hon. Member for Hexham (Guy Opperman), who pointed out some important flaws in a market that should be fully competitive but at present does not best serve consumers.

People will be pleased to hear the Secretary of State backing the Labour motion but greatly disappointed that he has little to say that will give them any comfort or relief from the high and rising pressure of energy bills.

I want to talk about and draw some conclusions from the experience of a constituent who came to see me: Mr Terry Tomes of Denman road in Wath upon Dearne. Mr Tomes is on disability living allowance. He had a prepayment meter to try to control the costs of his energy bills, but he found himself with a debt to npower for gas and electricity of nearly £100. He was in such desperation about that that despite it being mid-winter, he had stopped using the gas entirely. I draw two conclusions from Mr Tomes's experience: first, this is a system that requires much clearer and fairer pricing and regulation for consumers; and, secondly, the regulator, the energy companies and, above all, the Government are failing consumers across the country.

They are failing consumers in three ways. First, they are out of touch. People simply cannot believe their ears when they hear the Secretary of State say in answer to the question of high energy prices that consumers are to blame for not shopping around. If people are not online, if they are on prepayment meters, if they do not have full bank accounts, and if they are unfortunate enough to call, according to the recent Which? survey, the one in three energy company advisers who do not give accurate information about their charges, they are simply not able to shop around as the Secretary of State suggests. Even the Minister of State, Department of Energy and Climate Change, the hon. Member for Wealden (Charles Hendry) is not able to do so, as in June he told the Energy and Climate Change Committee:

> "I went on line to compare my tariffs and I was so confused by the options that I decided to stick where I was".

The Government are out of touch—that is the first way in which they are failing consumers.

Ian Lavery: To put a bit of humility into the debate and to cut across party politics, the fact of the matter is that fuel poverty is on the increase. Last year, 36,700 pensioners died because of cold-related problems. That is 13 per hour. Does not that fly in the face of the austerity measures? Older people cannot access the right tariffs and they cannot pay their bills. How are they expected to pay their bills? How are they expected to look at different tariffs and access all the information that Government Members have talked about? Is it not right that we focus on those people as a matter of urgency to try to reduce the number of elderly pensioners who die because of fuel poverty?

John Healey: My hon. Friend is absolutely right when he says that, for many, high energy prices mean a choice between eating and heating, and, in some cases, a choice between life and death, particularly in a harsh winter.

The second way in which the Government are failing is that they are scrapping some of the important Labour schemes to make homes warmer and bills lower, particularly the Warm Front scheme. You will know as well as I do from your experience in the Treasury, Madam Deputy Speaker, that over a decade, the Warm Front scheme helped more than 2 million households with their bills and insulation—it helped to make their homes greener, warmer and cheaper to run. This year and next year, that scheme will have a third of the budget that it had under the previous Labour Government. From 2013, it will be scrapped altogether.

In my constituency of Wentworth and Dearne, more than 3,000 households have benefited from that scheme in recent years, including pensioners, disabled people and young working families. One of my most recent visits was to Nicola Savage and her partner, Dan, who have two young kids. They had problems heating their home in Swinton, but the Warm Front scheme helped to replace an old back boiler with a new condensing unit. As Nicola told me at the time, "This makes a huge difference to us. When you switch it on, the house gets warm quickly and it stays warm."

Andrew George: I believe that the previous Government were well intentioned with regard to the Warm Front scheme, but when I visited my constituents who benefited from it—there is no question that they benefited—I found that most of them paid twice as much as they should have done. I do not know who pocketed the benefit of that system, but my constituents could have paid half the price to a local supplier. The scheme was certainly not fit for purpose.

John Healey: I do not know whether there is anything peculiar about the contractors and suppliers in St Ives, but that is not the general experience or track record of the scheme throughout the country, and it is not the experience of most hon. Members on both sides of the House.

Sarah Newton: Will the right hon. Gentleman give way?

John Healey: I will not give way for the moment.

The third way in which the Government are failing is that they are letting consumers down by allowing the huge hike in energy costs and bills, which are up 20% in the past year, as we have heard. In six months, there has been an increase of £175. The Secretary of State, who knows the cost of speeding, is not in the Chamber at the moment, but for his benefit, £175 is the price of about three speeding tickets. Every time a family in this country switches on the heating or the lights, the Government are letting them down—and those with the lowest incomes and the poorest households are being let down the most.

Mr Tomes, who could afford £10 a week on his gas, found that he was paying £3 a week just for the gas debt charge, which was taken directly through the meter. The average cost for using the gas each week was £2.30, but the standing charge was £3.31. In other words, he was paying more for his standing charge than for the gas that he used. Why is the system penalising the poorest and benefiting the better-off? Why is it failing those whose consumer power is weakest while reinforcing the market position and choices of those who have money and confidence and can get online? In particular, why is it penalising low users of energy while rewarding higher users? Why are low users, such as Mr Tomes, paying more and losing out more?

The answer is that all the major energy companies have a two-charge system. They justify it by saying that one charge covers the fixed costs of supply while the other covers the variable costs. That means that every major energy company either has a standing charge plus a unit rate or a higher-tier tariff up to a certain threshold and then a lower-tier second tariff beyond that. As a result, the less energy used, the greater the part of the bill that goes to the standing charge, fixed part or higher-tariff component of the costs, which means that low-use households pay more for each unit of energy that they use. Which? has calculated that low-use households pay 23% more for their gas and 15% more for their electricity, and of course low-use households generally tend to be low-income households as well. The system is therefore socially and environmentally regressive. Its reform is well overdue, and it is time for the Government and the regulator to act.

The action needed is clear: we should require energy suppliers to recover a far greater proportion of their costs from the unit rate of energy. To make energy bills clearer and fairer, I propose to the Minister a five-point plan—[Hon. Members: "Hooray!"] They are in vogue at the moment. First, we should abolish variable tariffs for the same energy supply. Secondly, we should require all tariffs to have the same format—a daily standing charge plus a clear cost per unit, including all the discounts. Thirdly, we should restrict standing charges only to cover the costs of the gas and electricity network. Fourthly, we should cover all other costs, including the costs of the Government's climate change or social policies, through the variable charge, not on a per-customer basis, as is currently the case. Fifthly, to make these changes, we should use Ofgem's current powers to regulate standing charges, under licensed conditions, plus the energy company obligation.

Those changes would make the system clearer, making it easier for people to compare suppliers' prices at a glance, and also fairer, so that low-income, low-use households would not have to pay significantly higher prices for the energy that they need. Those changes would be right in practice and right in principle, because climate change and social equity policies are best and most effective when they are more specific and selective in their application rather than having a general application. The costs of climate change should bite more strongly on heavy users, while the cost of supporting poor households should be borne more heavily by higher-using households that earn higher incomes.

Ultimately, people do not have the choice not to consume energy. As a service in a full-scale market, energy is a special case. That places a special responsibility on the Government to do more to protect consumers, who must have the energy that we all depend on.

4.11 pm

James Morris (Halesowen and Rowley Regis) (Con): It is a pleasure to follow the right hon. Member for Wentworth and Dearne (John Healey), who made a powerful case on behalf of his constituents and made some valuable points.

This is an important debate, because as I know from talking to my constituents in the west midlands, people are genuinely concerned about rising utility bills. As other hon. Members have pointed out, including the Secretary of State, fuel poverty urgently needs to be addressed. The west midlands as a region has the greatest proportion of people in fuel poverty in England, at 22.5% of the population or some 500,000 people. Around 20% of my constituents—7,500 people—could be defined as being in fuel poverty. This issue therefore needs to be tackled urgently. It has been around for a while: it has not suddenly emerged in the last 18 months, although I accept that genuine spikes in fuel prices have made the situation more difficult.

The Government need to respond—and they are responding—with a mix of policies. Both short-term and long-term policies need to be deployed to tackle the entrenched problem of fuel poverty and the situation that we face. However, there is no silver bullet, as it were, that could be fired to solve some of the difficult problems that we face from rising fuel prices. I know that hon. Members on both sides of the House have made some valid points; I am bucking the fashion by not having a five-point plan—because a number of the issues are interlinked. We live in a society where our houses lose energy very rapidly—something about our housing stock is weak in that regard—which is why I am supportive of the Government's initiatives in the green deal, which I believe offers a comprehensive solution to improving energy efficiency. The green deal will also have the side benefit of potentially providing important jobs in the area of the black country that I represent. I know, having talked to many local organisations and people in the Rowley Regis area, that there is particular enthusiasm for the green deal. We need to tackle energy loss in our housing stock.

I also welcome other initiatives that came out of the summit that was held earlier in the week. The big six energy companies have a responsibility to communicate information to their customers in a much more targeted way, so I welcome the announcement that they are to write to the 4 million most vulnerable energy consumers about the opportunities that are available for home insulation. That strikes me as a fundamental responsibility, and the big six need to concentrate on the way in which they communicate basic information to some of the most vulnerable in our communities.

Just as we need to tackle the problem of energy loss in our housing stock, we also need to focus on unnecessary energy use. This is not about going around lecturing people on how they should heat their homes, but I know that the Government are committed to introducing smart meters, which will make a fundamental difference. This is a long-term project, but, as I have said, we need short-term and long-term measures to address these questions. Smart meters will introduce a major change in the way in which people consume energy, and they will certainly help them to have a clearer idea of their family or individual energy use.

The Secretary of State and others have also raised the broader strategic point that we face major issues of energy security in Britain today. The fact has been well documented that Britain is very vulnerable to energy price shocks, and our dependency on imported gas and oil has given rise to energy security issues. This is a macro question, and it is imperative that we diversify our energy sources. Hon. Members have talked about the use of nuclear power, as well as other forms of low-carbon energy and renewables, over the next 10 to 20 years. This is critical; we are not going to solve the problems affecting our most vulnerable residents and